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CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1991

HEARINGS

BEFORE THE

COMMITTEE ON THE BUDGET UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

HEALTH CARE

FEBRUARY 7, 1990—THE IMPACT OF HEALTH CARE COSTS ON THE AMERICAN ECONOMY

DRUG WAR

FEBRUARY 9, 1990—VIEWS OF THE DIRECTOR OF THE OFFICE OF NATIONAL DRUG CONTROL POLICY

HUNGER AND AMERICA'S CHILDREN

FEBRUARY 20, 1990

RESEARCH AND DEVELOPMENT FUNDING

FEBRUARY 22, 1990—VIEWS OF THE DIRECTOR OF THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Volume III of III

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THE IMPACT OF HEALTH CARE COSTS ON THE AMERICAN ECONOMY

WEDNESDAY, FEBRUARY 7, 1990

U.S. SENATE,
COMMITTEE ON THE BUDGET,
Washington, DC.

The committee met, pursuant to notice, at 10:10 a.m., in room SD-608, Dirksen Senate Office Building, Hon. Jim Sasser (chairman of the committee) presiding.

Present: Senators Sasser, Riegle, Robb, Domenici, Grassley, and Bond.

Staff present: John L. Hilley, staff director; John Callahan, deputy staff director; and Kathy Deignan, assistant director for human resources.

For the minority: G. William Hoagland, staff director; and Jeff Sanders, senior analyst for social security, medicare and health.

OPENING STATEMENT OF CHAIRMAN SASSER

Chairman SASSER. The committee will come to order.

This morning, the Senate Budget Committee is going to examine one of the most perplexing problems of the 1990's, and I expect a problem that is going to be around now for many, many decades; that is, how to have a health care system that provides affordable, quality health care to all Americans at a reasonable cost.

We are honored this morning to have a very, very distinguished panel of witnesses. We are being joined today by Mr. Lane Kirkland, the president of the AFL-CIO, and we look forward to hearing Mr. Kirkland's views on problems facing our health care system in this country. He will be followed by the distinguished Governor of the State of Washington, Governor Gardner, who is representing, as I understand, the National Association of Governors. Governor Gardner will be followed by Mr. Richard Heckert. Mr. Heckert is chairman of the Finance Committee of the Du Pont Company, and he will be appearing here on behalf of the National Association of Manufacturers.

I think it would be accurate to say that right now our health care system here in the United States is in trouble. We have a paradox of excess on the one hand and deprivation on the other hand. We spend more in the United States on health care than any other industrialized nation. More than 11 percent of our gross national product at the present time is spent on health care. We have a chart here, and I would ask a member of the staff to angle that chart in such a way that the members of the audience could see it. Right now, only Senator Grassley and I can see that chart.

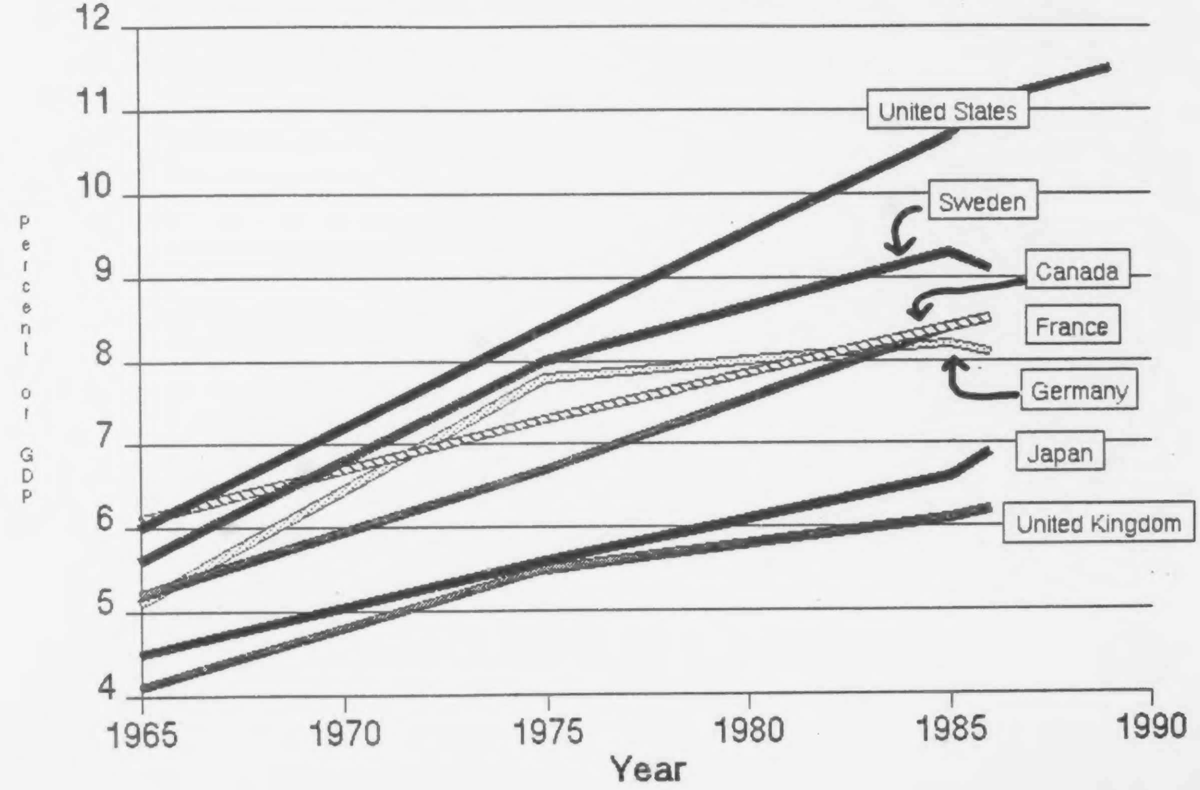
If you look at it, you can clearly see that the United States is spending now more of its GNP on health care than almost any other modern industrialized nation. And you can see that our health care costs are going up much faster than that of other modern industrialized nations.

Yet, in spite of that, we have literally millions of Americans today who have no access to any health care of any kind. Perhaps as many as 32 million Americans today have no health insurance whatsoever.

Every segment of our society is affected by deficiencies in our health care system. Today, the United States of America ranks behind 21 other countries in the rate of infant mortality. And why? Because too many pregnant women in this country get no prenatal care at all and children go without any preventive care.

Our senior citizens are also ill served by the current health care system. Once an American reaches the age of 65, he or she has a 13-percent chance of spending a year or more in a nursing home. And nursing home costs now average about $25,000 a year. Senior citizens and their families see this literally as the end of the road financially. They tell me that in my State, and we hear it all across the country. For most elderly Americans, their savings are consumed very rapidly in these nursing home situations, and then we have young families having to make a decision about whether or not to send Johnny or Susie to college or maintain grandmom in the nursing home. It is a very, very cruel choice for many families across this Nation.

National Health Expenditures as a Percent of GDP: Comparison by Nation



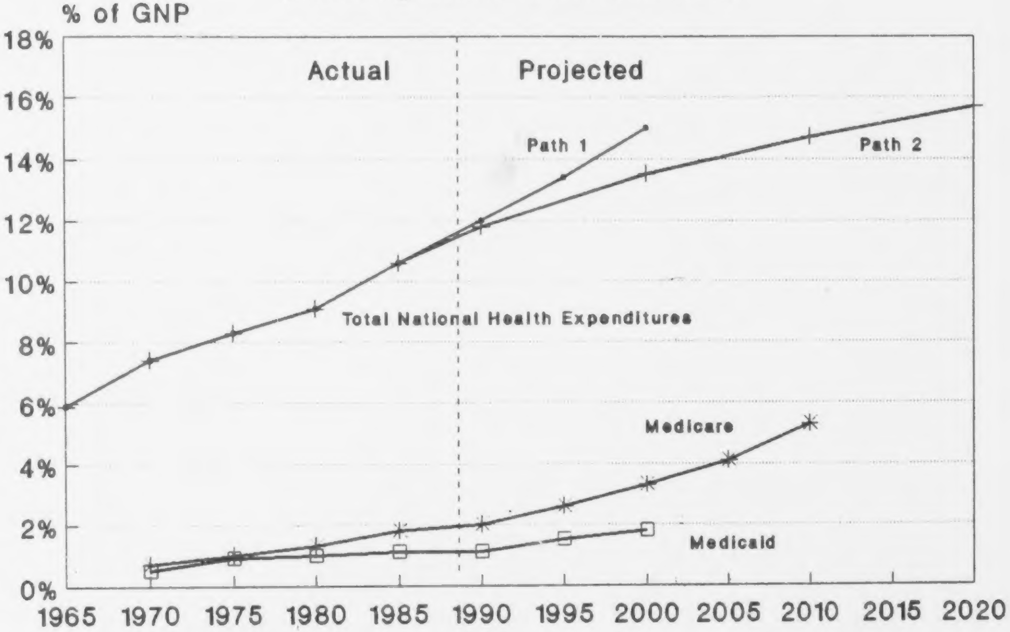
American working families also have severe problems. Nearly 29 million workers and their dependents have no health insurance whatsoever. And more and more businesses are either terminating insurance coverage or drastically increasing the cost of health care insurance to their workers.

So I think we can all agree on the scope of the problem. There will be no disagreement, I suspect, among these witnesses here today. We have to improve access to affordable health care. Of that there is no doubt. But as part of that goal, we have to do more to control the costs of health care. National health care expenditures are now projected to consume 15 percent of our gross national product within the next few years. And we have another chart, I think, to demonstrate that.

You might angle this chart, if you would, so both the audience and perhaps myself and the television cameras can see it. That may be an impossibility, but we'll try it anyway.

National Health Expenditures as a Percent of GNP

(Including Medicare and Medicaid)



Source: Path 1, HCFA Actuaries
Path 2, ICF/NIA Model

We see that rising health care costs are already crowding out other essential spending in Federal and State budgets.

The rising health care costs are producing health care rationing, but the rationing is now based on the individual's ability to pay for essential health care, not on need.

Business sees their health care premiums increase 20 percent a year, and labor unions rightfully fight to maintain worker health benefits.

Hospitals and doctors are treating the uninsured, and in so doing they shift health costs to patients and providers who do have insurance coverage. And we see captains of industry, such as Lee Iacocca and Mr. Don Peterson of the Ford Motor Co., saying we have got to go to a national health insurance program because we can't afford to pay the health care costs not only of our employees, but also of those who come into the health care system who have no insurance, and our workers and our health providers also have to pay for them.

So as we go forward with policies to improve access to health care, we should continue to find ways to restrain health care costs.

Currently, there is little, if any, room in the Federal budget to ensure universal access to health care. Yet I hope that all of us will agree here today that this is a problem which touches all sectors of our economy, the public and the private sector alike. It touches business, it touches labor, and we're all going to have to work together to solve this problem because it's going to get worse, and it's not going to go away.

We don't have all the answers, but I am confident that our witnesses today will help layout a blueprint for the future.

We will hear first today from Mr. Lane Kirkland, the president of the AFL-CIO, one who has long carried the standard for universal health care for the American workers and their families. Next we will hear from the Honorable Booth Gardner, the Governor of Washington, on the role that the Nation's Governors intend to play in health care reform efforts. Finally, as I said earlier, we will hear from Mr. Richard Heckert, the Finance Committee Chairman of the Du Pont Corporation, on the business perspective of how to build a better health care system.

Before beginning with Mr. Kirkland's testimony, I would like now to turn to Senator Grassley for any statement that he might wish to make at this time.

OPENING STATEMENT OF SENATOR GRASSLEY

Senator **Grassley**. Senator Domenici must be at another committee meeting. He may be here later, but he wanted to express the fact that he couldn't be here, and he asked if I would. So I want to also join my colleague, the chairman of the committee, in welcoming our distinguished guests.

Recently, I had an opportunity to read something Professor Reinhardt wrote. He is a health economist, but he wrote kind of a humorous article on the subject of health care. I know most of you in this room know him. This article was in Business and Health entitled "Could Health Care Swallow Us All?"

Those of you who have seen the article will be relieved to know that he concluded that it would take at least 82 years before all of our GNP would be going to health care. As we look at the way health care costs have increased over at least the last 10 years, many of us, and particularly those who have wrestled with the Federal budget, have at times asked ourselves Professor Reinhardt's question and have wondered when these increases will stop or what we have to do to slow them down.

Now, the charts speak adequately about what the problem is, so I am not going to repeat all those statistics. But let me say the health status of our citizens does not appear to be any better than the health status of citizens of other Western nations, and yet the cost is tremendously more. Health care costs of this magnitude create other serious problems. They make it difficult, if not impossible, for the Federal Government to undertake other health care initiatives, particularly dealing with the medically under-insured or uninsured as well as long-term health care problems.

They make U.S. business less competitive, and I am sure that is something that Mr. Kirkland will address. They probably reduce the savings rate. Economists have told us that. And they probably reduce the wages of American workers, at least the take-home portion.

Mr. Chairman, after more than a decade of apparently unsuccessful efforts to curb health care cost increases, we seem to have come to a crossroads in our national debate on health care. Many responsible groups have pondered the problem I have just outlined, as well as others that I didn't mention that have begun to call for a national health insurance system. Prominent among them are some members of the business community who have joined with the unions to call for a government solution. We have tried everything, they seem to be saying, and yet our health care costs keep skyrocketing. They seem to be saying that the Federal Government is going to have to take over responsibility for the problem. And yet I wonder whether we have done as much as we think that we have done to get control of these increasing costs.

William Roper, former administrator of HCFA, has argued that cost containment efforts are not a failure. Why? He says because businesses simply haven't made a serious effort to manage costs. In fact, he says most employer health plans encourage excessive use of medical services. Some support for this view comes from an analysis published last year by the Employee Benefit Research Institute. They concluded that, and I quote, "Employers have not been as aggressive in adopting cost management strategies as is often assumed."

Further quote, though, from the same article, "Most employer-sponsored health plans have not raised their deductibles or altered their co-insurance rates for at least the last 4 years." And more than 35 percent do not offer health maintenance organization options. Of course, demanding greater cost-sharing on the part of workers in order to reduce excessive and unnecessary utilization is easier said than done, as recent labor-management conflicts indicate. It also is the case that necessary care should not be discouraged.

The Employee Benefit Research Institute analysis notes also, as many others, that we still do not really know what constitutes effective treatment. Hence, it is very difficult to make sensible cost-benefit calculations when it comes to health care. And although we have begun research and analysis in this area, we still have a long ways to go before we will be able to evaluate whether certain new technologies really are cost effective or whether certain treatments are really necessary.

So, by way of conclusion, Mr. Chairman, I am afraid I come down just like too many of us in the Congress: We are just continuing down a slippery slope of too timid in our approach, either too timid at going all the way, we will say, like European countries have with more nationalized programs, or wipe the slate clean and start all over again. But, obviously, if we continue as we are, we are going that way probably in an ineffective way. We need a real policy decision to be made, and I hope that in the near term we make that decision.

Thank you, Mr. Chairman.

Chairman SASSER. Thank you very much, Senator Grassley.

We have been joined by Senator Robb, one of the newer members of our committee. Do you have any statement or observation you would like to make this morning, Senator?

Senator ROBB. Mr. Chairman, I have no statement. As a matter of fact, as I just mentioned to you privately, I am going to have to leave in 5 minutes to give a speech on the budget downtown. And I came to pick up the testimony because I am very much interested in hearing what your three key witnesses have this morning.

I noticed Dr. Henry Simmons in the background. I had occasion to serve on a commission that he headed up over the last 2 years, the National Leadership Commission on Health Care. I understand informally that he may have even had breakfast with Governor Booth Gardner. So he may be able to comment on some of the things that that Commission came up with. But they considered many of the issues that are before this committee and the Congress at this time, and I am pleased that so many different responsible organizations and entities are now taking a serious look at what for many is one of the most challenging obstacles facing the country today.

I will look forward to reviewing the testimony, and I regret that I won't be able to remain for the entire event. But I will take the written testimony with me.

Thank you, Mr. Chairman.

Chairman SASSER. Thank you, Senator Robb.

We have been joined by Senator Riegle. Do you have an opening statement or comment this morning, Senator?

OPENING STATEMENT OF SENATOR RIEGLE

Senator RIEGLE. Thank you, Mr. Chairman. I appreciate having the chance to make a comment or two here.

First, I am particularly appreciative of the presence and the leadership role of the AFL-CIO and of Lane Kirkland on the health care issue and, for that matter, on human issues across the board.

I want to say something specific about the health care question and where we go. Before doing so, I want to say something else, however, about the leadership, sir, that I think you have been able to demonstrate in your organization in helping people behind the Iron Curtain take the curtain down. I think the role that the labor movement in this country has played in Poland and in the other Eastern European countries to help them break free of communism and the kind of imprisonment that they have had has really been remarkable. I think on the margin, the help over at least a decade by the labor movement in this country to the fledgling labor movements in the Eastern bloc have been critical to break this puzzle open and allow people to get on the road to freedom and to the way of life that they aspire to and which is the foundation of the values of this country. So to you and others in the AFL-CIO who I think have really been a major force in breaking down the Eastern bloc Communist system, my hat is off to you.

Now, with respect to health care, I want to give you an indication of where we are going. I serve on the Finance Committee, as you know, and am the chairman of the Subcommittee on Health Insurance for Families and the Uninsured. We have a bipartisan meeting today of a number of Senators where we hope to develop essentially a consensus approach about how to provide a universal health protection system in this country, a health insurance system that takes everybody into account—not just some, but everybody in the society of all ages and in all circumstances. And that is what we need. We need it for human reasons, but we also need it for economic reasons. If we are going to compete and make the kind of surge in the international economy that we need to make, we have to have all of our people up to speed, and that means they have to be healthy. They have to get the health care they need when they need it so that they are in a position to produce for themselves and their families and for the country.

So the time has come to do this. I thought it was useful that the President touched on it the other day, but, unfortunately, he talked about it more in terms of the study aspects of it. We have been studying it for a long time, and the studies show that we need a concrete program to try to provide health care on a universal basis across the country, and certainly access to health insurance. And that does not mean cutting back on the things that are in place. I think we have seen medicare hit about as hard as any program can be hit, and I think if we are going to go through a situation where we try to take more out of the hides of the needs to meet our health care requirements of our people, that that is bad economics. That is bad economics. That is not smart economics.

I think when we invest in our people, the country gets stronger and we produce more. But when we disinvest in our people—whether in job training or education or health care—then the country starts to slide in the wrong direction.

So I am very interested in what you will be saying today and command the leadership that the AFL-CIO is giving on the health care issue. I am struck by the fact that your interest is not just for health care for your own members, which is very strong, but for everybody in this society. And I think that is the way important organizations should think: yes, in terms of the needs of their members, but beyond that to the broad needs of the country as a whole. I know that is the approach that you are taking, so I am very interested in your views.

Thank you very much, Mr. Chairman.

Chairman SASSER. Well, thank you very much, Senator Riegle. I want to say that I very much appreciate you bringing to the committee's attention the key role that the AFL-CIO and organized labor played in keeping trade unionism alive in Eastern Europe. I don't believe that Mr. Kirkland and his colleagues at the AFL-CIO have gotten the recognition that they rightfully deserve for their efforts over a period of 20 years or longer, really, to support the latent trade unionism in Eastern Europe. And I think most of us came to realize it here in the Senate fully for the first time when Mr. Walesa of Poland came here to address the Congress and had some meetings with us in private to fully lay it out.

We have got somewhat of a logistical problem this morning. Senator Brock Adams is joining us to make an introduction of his distinguished Governor from Washington. I understand, Senator Adams, you have got another engagement. Is that correct?

Senator ADAMS. I do, Mr. Chairman. I will wait. I am very interested in hearing Mr. Kirkland's testimony, and I will wait to introduce the other witness. You are very courteous. Thank you.

Chairman SASSER. Thank you very much.

We'll proceed now with Mr. Kirkland's testimony. I almost demoted you there, Mr. President, and called you "Senator Kirkland." But we'd be delighted to hear from you today. [Laughter.]

STATEMENT OF LANE KIRKLAND, PRESIDENT, AFL-CIO, ACCOMPANIED BY KAREN IGNANI, DIRECTOR, DEPARTMENT OF EMPLOYEE BENEFITS, AFL-CIO, AND ROBERT MCGLOTTEN, DIRECTOR, LEGISLATIVE DEPARTMENT, AFL-CIO

Mr. KIRKLAND. I am honored, sir. Thank you, Mr. Chairman.

Mr. Chairman, I have with me Bob McGlotten, the director of the Legislative Department of the AFL-CIO, and Karen Ignani, who is the director of our Department of Employee Benefits. I brought them along to handle the tough questions.

I filed a statement with the committee, which you have.[1] With your permission, I would like to make some further additional remarks and then respond to your questions.

I want to thank you for the opportunity to testify on a most critical issue for working people and their families: the soaring and increasingly prohibitive costs of health care. While the budget process is fraught with an ever-expanding list of pressing national needs, this committee now has a golden opportunity to move the health care issue to its rightful place at the very top of the national legislative agenda. We urge you to take that step.

For too long, this Nation has relied on the fleeting hope that a solution to health care inflation would come from the free market. That is not going to happen. With costs increasing 18 to 30 percent a year and now consuming more than 11 percent of our gross national product, basic health care is now moving well beyond the reach of a growing number of working American men and women and their families. And there is no end in sight to this trend.

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[1] See p. 14.

Some experts have concluded that as many as one-third of Americans are now either without health insurance or have insufficient coverage. Despite this, the United States leads the world in health care spending. We commit 31 percent more of our resources to health care than Canada, 65 percent more than Japan, and 79 percent more than England. These are countries which, incidentally, guarantee basic health care to all of their citizens, as does virtually every other industrialized nation. Yet we still have a higher infant mortality rate and a lower life expectancy than any of these countries. A black infant born within 10 miles of the White House is more likely to die within the first year of life than an infant born in many Third World countries like Trinidad or Jamaica.

Of Americans with serious illnesses, such as cancer, heart disease, or diabetes, 17 percent did not see a doctor in 1986.

America's future competitiveness in the world rests in large part on whether today's policymakers can devise a system that ensures a healthy labor force without impoverishing working people and their families.

Our failure to move swiftly and decisively toward a lasting solution to this crisis most assuredly threatens to erode our standard of living, our social fabric, and our status as a world economic power in the 1990's and into the 21st century.

Throughout its history, the labor movement's struggle to enhance and improve the living standards of working Americans has been waged on many fronts. However, in recent years, to an ever-increasing degree, the battle is being fought almost exclusively on the issue of health care. Spiraling costs and Federal cutbacks have seriously eroded the patchwork quilt of government programs and employment-based health insurance that once provided access to care for the vast majority of Americans.

During the 1980's, millions of manufacturing jobs providing good health benefits were replaced by service sector jobs offering few benefits or none at all. Most employers who still provide health coverage are now looking to shift the greatest share of the costs to the workers through higher deductibles, co-insurance, and premium-sharing. As growing numbers of people are unable to pay for necessary health care services, doctors and hospitals pass on the costs to employment-based plans. This in turn fuels the rapid rise of health care inflation and ultimately leads to the further gutting of employee benefits. It has become a vicious cycle.

These circumstances have made health care a major strike issue for organized labor. In 1989, efforts by employers to shift the cost of medical plans on to the backs of workers prompted bitter strikes by the United Mine Workers at Pittston and the Communications Workers of America and the International Brotherhood of Electrical Workers at NYNEX. Health care was a key issue in last year's contract agreement of AT&T involving the CWA and the IBEW.

The Amalgamated Clothing & Textile Workers union informs us that health care is the predominant issue in its current contract talks with the textile and apparel industry. We are talking about people who make about $6 an hour and simply cannot afford to pay hundreds and perhaps thousands of dollars a year to cover their health costs. Dozens of our affiliated unions are hearing from management that health care cost-shifting will be the first item up for discussion in their next round of collective bargaining.

Mr. Chairman, we know that this is a daunting problem for employers. We know what it does to their bottom line. But we are not going to find a way out of this mess by dumping it on the backs of workers. We have to work together, business, labor and government. The plain and simple fact is that this crisis cannot and will not be solved solely through labor-management negotiations. Thus, the AFL–CIO strongly believes that now is the time for Congress to enact a comprehensive program of national health care reform.

In order to be effective, such a program must address the cost, quality, and accessibility of our health care system. Our new national policy must recognize, first and foremost, that basic health care protection is the right of all Americans and not the privilege for the wealthy few. We favor a combined Federal and State government approach, in partnership with the private sector, to guarantee that right while creating specific government and private initiatives to hold down costs and monitor quality.

For years, we have postponed serious debate over enactment of a national health care system, primarily because those with a vested interest in the status quo have succeeded in frightening the public and their elected representatives by waving the banner of socialized medicine. Such hyperbole no longer has a place in intelligent and constructive debate.

The deregulatory approach of holding costs through increased competition has run its course. For 10 years, the labor movement has worked closely with prominent members of the employer community in an effort to lick this problem through cooperation. We have tried every nonregulatory cost containment technique devised by our best and brightest minds. Many employers who have worked with us agree that the problem is well beyond the scope of what labor and management can solve on our own. Those who won't work with us don't care because they plan to rid themselves of the short-term consequences by transferring to the burden to their employees. So isn't it time we set out on a new course?

Franklin Roosevelt said: "the country needs and demands bold, persistent experimentation. It is common sense to take a method and try it; if it fails, admit it frankly and try another. But above all, try something." We are not saying that the solution lies with a government takeover of our health care system, but we must do something bold and innovative to address this grave problem, and we stand ready to explore a variety of alternatives.

Every day American workers see more of their paychecks gobbled up by rising health insurance premiums. More families find they can't afford preventive care or obtain coverage for a chronically ill child. More low-wage workers are dropped from the insurance rolls and must rely on nothing but their own prayers.

It is happening all over the country, not just to the poor, the unemployed and the dispossessed, but across the wide spectrum of blue- and white-collar Americans who strive every day to maintain and perhaps improve their quality of life.

We believe the solution now lies with the Congress, and we are willing to work with you every step of the way toward enactment of appropriate legislation to achieve these objectives.

Thank you, and I am happy to answer any questions you may have.

Chairman SASSER. Well, thank you very much, Mr. Kirkland.

[The prepared statement of Mr. Kirkland follows:]

Testimony of Lane Kirkland before the Senate Budget Committee on the Impact of Rising Health Care Costs

90-01

Mr. Chairman, I am pleased to have this opportunity to share with you and the Committee the AFL-CIO's views on the impact of rising health care costs, as well as some of our thoughts on how this problem ought to be addressed.

Since the late 1920s, our society has been debating the issue of whether or not Congress should enact national health care legislation. But the specter of waiting lines, red tape, faceless bureaucrats and concerns about "socialized medicine", raised by those with a vested interest in the status quo, have prevented any real debate or legitimate efforts to come to terms with this issue for the population as a whole.

In the late 1970s, health care policy debates were very much influenced by the deregulation ideology sweeping our society. Conferences were held and efforts to develop a national health care program were put on hold in favor of strategies to reduce costs by increasing competition in the health care market. While the federal government moved to regulate the price it pays for health care services under Medicare, labor and management have spent the last 10 years trying every non-regulatory cost containment technique proposed by health policy experts. It is time to take stock of these experiences and learn from our mistakes as well as our successes.

Both labor and management are wiser now about the health care problem and neither side is willing to give a blank check to health care providers. On the other hand, the most successful cost containment strategies implemented by the private sector were able to hold down inflation for only a short period of time. The costs of employment-based health plans are currently increasing from 18-30 percent annually, with no end in sight. As we begin this decade, employers are competing against one another to obtain the best health care deal. One employer obtains a discount at the expense of another and nothing is being done to further what must be our goals:

- o To reduce the rate of increase in costs for all payors,
- o To obtain value for our considerable investment in health care services,
- o To assure quality of care,
- o To make health care available to all Americans and not a luxury only for those that can afford it.

The AFL-CIO strongly believes that now is the time for Congress to put health care at the top of its agenda. We have launched a grassroots campaign to bring information to members of Congress, the press and the public at large about the difficulty of maintaining negotiated health care benefits and the need for a national program to bring costs under control.

Just as the situation in the 1930s was right for the passage of Social Security, the 1960s for Medicare, the 1970s for ERISA and OSHA, the 1990s must be the decade for health care reform. Today skyrocketing costs threaten to dismantle the employment-based insurance system. If Congress fails to act, then health care may become unavailable to those who need it most and a benefit that proves to be too expensive for employers to provide.

The long strike by the United Mine Workers at Pitston Coal demonstrates how some managements have attempted to move health care costs off their books onto workers' paychecks.

Last year, the Communications Workers concluded negotiations with AT&T where a key issue was health costs. The settlement included an historic commitment to work jointly for national health care legislation, with an acknowledgement by both sides that no one company and union can solve this complex problem.

The United states leads the world in health care spending and there seems to be no end in sight. The inflationary spiral has hurt the competitiveness of American businesses in the world market, has forced families to absorb higher out-of-pocket costs because of cutbacks in employer-provided health care benefits, and has led many to question whether we are getting appropriate value for our considerable investment in the current health care system.

We are committing 31 percent more of our resources to health care than Canada, 65 percent more than Japan, and 79 percent more than England. If current trends continue, by the year 2000 health care spending will hit $1.5 TRILLION and will consume 15 percent of our gross national product.

The costs of employer-provided health care benefits are following similar trends. In 1965 health care expenditures consumed nine percent of corporate operating profits. Currently, health care is consuming 45 percent of operating profits, with no sign of the current trend abating.

Despite the level of resources we are committing to health care, the United States has higher infant mortality and lower life expectancy than any of the other industrialized countries. In fact, a black infant born within ten miles of the White House is more likely to die within the first year of life than an infant born in third world countries like Trinidad or Jamaica. Of Americans with a serious illness, such as cancer, heart disease or diabetes, 17 percent did not see a doctor in 1986.

Until recently a patchwork quilt of government programs and employment-based health insurance was providing most Americans access to care. In the 1980's this trend was reversed. During the Reagan era there were dramatic cutbacks in public programs. Millions of manufacturing jobs that provided good benefits were lost. New jobs were created that offered no benefits and rising costs have led many employers who provide coverage to shift a growing share of the cost to employees through higher deductibles, coinsurance and premium-sharing.

Cutbacks in employment-based health insurance have led some experts to conclude that, in addition to the 37 million Americans who have no health insurance, as many as 50 million more have insurance that is inadequate to meet their needs. In 1977 80% of all health plans covered 100% of the cost of hospitalization. Ten years later, only 41% of companies surveyed covered full hospital care. Worker contributions for health care have increased by 300 percent in the past decade. In 1987, American families spent 13.3

percent of disposable income on health care, which was exceeded only by expenditures for food and housing.

Not only are we paying too much and getting too little, there are serious quality of care problems that must be addressed. According to the New England Journal of Medicine a shocking 25 percent of all U.S. health care expenditures are going towards wasteful or inappropriate procedures. Other studies have indicated that:

- one-fourth of all patients who died in the hospital were found to have been misdiagnosed by physicians.
- One-fourth of all lab tests have been found to be unnecessary.
- Half of the 1 million caesarean sections performed in the United States last year were unnecessary.
- 14 percent of all coronary bypasses, at an average cost of $37,000 per procedure, are unnecessary.
- 17 percent of upper GI examinations, at an average cost of $750 per procedure, are unnecessary.

Until recently, those who advocated free market solutions and little government intervention have successfully prevented Congressional action. With health care costs now rising at rates that exceed all predictions, access to services declining rapidly and studies revealing that many tests and procedures being performed are wasteful and unnecessary, the call for enactment of a nation health program is coming from many quarters.

The AFL-CIO's health care campaign is designed to mobilize support among union members, employers and community leaders for legislation that addresses the three issues of cost, access and quality. We strongly urge Congress to move health care reform to the top of the agenda. We are prepared to consider a variety of legislative alternatives that would make access to quality, affordable health care services a right for all Americans.

Chairman SASSER. I would be interested in your views on whether or not business ought to be able to transfer their excess pension funds into funding for retiree health benefits. And I ask that question in this context: As I expect you know, the Department of Labor has estimated that of the $1.7 trillion now in pension plans, as much as $250 billion may be classified as excess or not needed for current pension requirements.

Some in the business sector are now asking that they be allowed to use some of these funds for future retiree health benefit plans. And, of course, in order for that to happen, we have to change the law here in the Congress.

Could you enunciate for us today what the AFL-CIO's position would be on these proposals? Or does the AFL-CIO have a position on it at this time?

Mr. KIRKLAND. We certainly do, sir. The issue of pension fund terminations and reversions and the alternative uses of assets, which at the moment may look to be actuarially above requirements, is a very important issue and one that we're dealing with and have been making representations on. We, of course, oppose the practice that has become so prevalent in recent years of employers unilaterally terminating those funds and taking over the excess assets—taking those assets into their own pockets—because fundamentally we believe that those funds are deferred wages and are the rightful property of the employees who have sacrificed to create those funds. They are not the property of the employer but earned benefits that should be held for the benefit of the employees covered by them.

We do not oppose the transfer of some of those assets to help to meet the problem of rising health care costs for retirees, but we insist that certain conditions be attached. We believe that the amount of the excess should be at least 125 percent of the actual requirements before they are transferred; that the assets so transferred should go to provide health care coverage for the beneficiaries of those pension funds—those covered by the pension funds but not within the scope of those benefits.

There are other specific conditions that we would like to see met before that is undertaken.

Chairman SASSER. Well, thank you. Of course, we set a rather sorry example here at the Federal level with regard to pension funds because we routinely every year raid the Social Security Trust Fund and drain it to buy everything from paper clips to aircraft carriers. So perhaps we ought to practice what we preach, to some extent, on the question of pension funds also.

Mr. Kirkland, I am sure or I suspect you have had a chance to examine the differences between our health care system and the Canadian health care system in view of the fact that you have so many members who are Canadians. If I am not mistaken, the president of the steelworkers is a Canadian national.

It appears to me that somehow the Canadians manage to provide almost universal access to health care at a considerably lower cost than we do, and the chart that we had earlier indicates that the Canadians are spending much less of their GNP for health care than we are, and that their health costs, while rising, are rising apparently considerably slower than ours, at least as a percentage of GNP.

My question to you is: In your opinion, is the Canadian path a desirable model for this country to follow? And if so, what difficulties would you see in importing such a system as the Canadian health care system?

Mr. KIRKLAND. Yes; I am an admirer of the Canadian system, and I think the points that you make about its history and its example in providing comprehensive coverage. They have solved the problem of access to medical services up there. It is universal in its scope and it has effectively controlled costs, at least to a far greater degree than we have under our present nonsystem.

I do not suggest that the Canadian system or any other national system that we may find in Europe or elsewhere should be simply imported wholesale and superimposed on the American society. I think that we need to design a system that is compatible with the characteristics of this country, its Federal-State system, its economy, and its demographics and otherwise. But I do believe that we ought to study and examine the merits and the attributes of the Canadian system; and where some element of it or some aspect of it is applicable and useful, we ought to take it into consideration, and that should be used to inform us and to guide us.

Chairman SASSER. Thank you. My time has expired, and we will turn now to Senator Grassley.

Senator GRASSLEY. Thank you, Mr. Chairman.

I guess I would, in just a short period of questioning, try to get some detail how far you have taken your thinking on a national health insurance program, a little bit of a description of it, but from this standpoint, would you see health providers being nationalized? Would insurance be nationalized? Or would you suggest that everyone obtain health insurance one way or another and do it through the private sector?

Mr. KIRKLAND. Sir, currently, we are deliberately keeping all options open because we think that the realities of this situation and their implications are becoming more and more clear to elements in society other than trade unionists and working people, who have long understood it and felt its pressure. But the realities are becoming overwhelming, and we welcome new recruits to the cause and to the urgent necessity of developing a comprehensive system.

We are ready to meet with all players and all elements of the problem and all elements of society to try and find common ground on a comprehensive national approach to the problem. So we are not at this stage entering into a rigid prescription or formula.

I go back a long way, Senator. I go back to the days when we were pushing the Wagner-Murray-Dingell bill, and we did have a specific formula and a specific prescription. Even then, it never contemplated nationalizing the provision of health services, putting doctors on the Federal payroll, taking over ownership of clinics and health facilities, in any sense of the word. It involved fundamentally—and I think any approach has to essentially involve—the application of what Churchill called "the magic of social insurance," a prudent way of pooling resources to pay those bills and to apply the necessary controls on a comprehensive and careful and studied basis that effective and efficient operation of such a system would require. And we are wide open on the techniques and specifics and the ingredients of that program.

Senator GRASSLEY. As you pointed out in your remarks, we have tried many things, so many different approaches to containing health care cost increases, and we have not been very successful. If we don't know how to curb health care costs yet, and particularly without affecting the quality or availability of care—and we are already going down that road—how can we design a national health insurance system that would, on the one hand, either not bankrupt the Federal Government or lead to the sorts of rationing of care that is also a part of the Canadian and English systems? And I do remember you saying that you don't propose bringing a system total into this country that they have used some place else. But that is still something we have to consider. We are going some of the route they have already gone.

Mr. KIRKLAND. I don't propose taking over a system in toto and intact and superimposing it on our society. I am for a system that is designed and tailormade to meet American conditions, and the multiplicity of forces that would be involved in its creation, and the process of compromise and consensus that it will require.

I do believe, however, that we can draw from the Canadian experience and the experience in other parts of the world, in other countries that have long applied this system of social insurance on a universal basis to cover medical services. Their record and their experience in controlling costs and limiting and making more reasonable and tolerable the proportion of national resources allocated to medical costs is far, far better than the chaotic system that we have. And we can draw from that experience, I think, some encouragement in the idea that if we do do it on a comprehensive and careful basis, that it will have that affect.

Senator GRASSLEY. Last question. Do you think, though, that realistically that is going to be possible without some rationing that they have in these others systems?

Mr. KIRKLAND. Our present system rations, sir.

Senator Grassley. Yes, it does.

Mr. KIRKLAND. In the sense that it deprives millions and rations regressively. It gives to the rich and denies from the poor. That is rationing. It is adverse rationing. I want to get away from that.

Senator GRASSLEY. And I agree with that. But also a recognition of other systems that do the same thing, and I guess realistically—maybe this is more a statement than it is a question. Realistically, you know, building on what we have or some modification of it seems to take us down the same road.

Chairman SASSER. Thank you, Senator Grassley.

Senator Riegle.

Senator RIEGLE. Thank you, Mr. Chairman.

We have a lot of hearings on Capitol Hill, and this is a particularly important one today that may or may not get the attention outside the room that it deserves. But you bring an enormous historical perspective on these issues in terms of where we have been, where we are, and the trend lines we are traveling into the future.

I am struck, as I review the history of the labor movement in this country, by the importance health care has played. After the craft unions or the industrial unions was the right, often under the most difficult circumstances, just to bargain collectively, adequate wages and workplace safety and hours of work became the initial objective. But as we moved along, access to health coverage and health insurance benefits became a critical part of what workers together would bargain for as part of their employment relationship.

Frankly, the major part of the coverage in the country for people who are not financially very secure has been driven by the labor movement bargaining for extension of health insurance benefits. They have worked on behalf of not just lower income, workers but also for middle class income or lower middle class income workers. So the labor movement I think can speak with as much insight as to the gains we have made in broadening insurance coverage for more people in this country as any witness that we might have.

It seems to me in recent years, however, as we have witnessed the changes in the global economy and the fall in the number of workers who are within organized labor, that we have started to slide backward in terms of the number of individuals and workers and their families who fall within the reach of a negotiated health insurance plan through a labor contract. We are seeing that the number of uninsured people in the country is rising, not falling, and part of it is due to the fact that we are finding that one of the pioneer efforts to broaden health insurance—namely, labor contracts through organized affiliations of workers—have now changed in such a way that we are not broadening coverage. Coverage is eroding.

You said something very important in your earlier statement, not just in terms of the numbers of workers who are no longer under an affiliation and, therefore, a negotiated labor contract, but even the workers that are within contracts are now finding that they are having to struggle to keep the benefits that they have, and the benefits are being rolled back and being shaved down. And this is now beginning to happen very particularly in the health care area. So workers who previously had health care protection are now seeing that diminished, or they are being asked to pay more themselves. Therefore, their net living standard, their net real income, if you will, is going down as result, as is their health protection in many cases.

I am struck by Senator Grassley's questions because I have in Michigan, of course, not just a great number of industrial and craft workers, but farmers as well, as you do in the State of Iowa and as is true in Tennessee as well. Farm families today are finding it very difficult to obtain health insurance. Even if it is made available through a pooling arrangement, through a farm organization, it is very expensive, and many cannot afford it. Some can, but many cannot. And so the problem is really a universal problem. It doesn't just strike workers in urban areas or farmers in rural areas or others across the society. There is a universal impact here.

But, importantly, the trend lines are running the wrong way. The group that is growing now is the group of uninsured in the country. We estimate over 30 million people in the country have not a penny of health insurance today. At least 10 million of those are children. Today, if a child is struck with an illness, the family can find itself in a situation where it is almost impossible to get decent care. Of course, they are America's children. They are not just the children of that family. They are the children of our society, and they are our future. To the extent that they are well and able-bodied, then we have a strong country coming along. And to the extent that they are not, then we are diminished.

Now, I want to make one other point, and then I want to ask you to respond to some data that I have here. You made a very important point in saying that to reverse these trend lines, broaden the coverage, and go to a universal system of coverage, you fully envisioned business and government and labor working together. The only way we can do it is through national teamwork. We need a mix of public and private responses. This response doesn't squeeze out the private sector in any way, shape, or form. The private sector has to be integrally involved in any kind of a plan that is a mix of public and private protection coverage here.

But I am concerned that when we have the highest per capita health spending in the country at about $1,900 a person, and when we have the highest level of spending on health as a percent of GNP up above 12 percent, and yet we have the greatest percentage of the population without a single penny of health insurance out there today, we are working against ourselves. There is tremendous economic insufficiency in there, and there are terrible inequities. There are people who are literally dying because they can't get access to decent care, even though the care is out there if somehow or another they were connected to a system where they could afford it.

So I see the loss of the number of workers in the country who have bargained health care in their employment contracts as being, again, a part of the problem that in a sense is growing in this society and I think has to be addressed.

In part of the job base of my home State of Michigan, employers are now coming to me, as well as leaders in the labor movement, and asking for a basic reform because they are finding the current system unworkable. And I trust that when we hear from the gentleman from Ddu Pont who is going to testify later, he will have something to say along those lines.

I asked the Chrysler Corp. to provide information on the cost of health care benefits, which they now provide to their workers and to their retirees, on a per car basis so we would have some way to measure the cost of production and, therefore, our ability to compete in the international markets, with respect to the corresponding health care costs per-car in other countries with whom we must compete. And it is very interesting.

Leaving aside for the moment the United States, if you look here at France, the average medical cost per car produced in the factories of that country are about $375; Germany, about $337; Japan, which is, of course, doing very well in the economic arena, only $246; Canada, which we have been discussing, $223. Whereas, the cost in 1988 for producing a car in the United States—these are Chrysler numbers, but the others would be comparable—is $700 a car. Now, that was the direct cost of health insurance coverage that has to be built into the price of each car and the ability of that car to sell competitively against cars built from these other countries.

Those kinds of differentials are incredible. Plus, think of this: Chrysler has operating facilities in Detroit and in Michigan, and in other places in the country. They also have manufacturing facilities right across the Detroit River in Canada, in Windsor. So all other things being equal, this terrible disparity creates an incentive for companies to have to consider moving the production of cars into another country simply on the basis of these exploding health care costs.

The companies are saying today that we need a reform. They are saying, in effect, exactly what you are saying; that it is time for business and labor and government to get together to break the back of these kinds of profiles.

I might say one other thing. One of the reasons the costs are so high in companies that provide decent health insurance coverage, is that the cost of the uncompensated care out in the society, of which there is a large and growing amount, in a perverse way comes back around, and lands in the insurance rates of the companies that do provide decent protection. Their rates are driven higher, and they become less competitive. We start losing jobs and losing companies in this part of the society who are trying to do the right thing by providing health insurance coverage to their work force. So we are at a point where the United States is being harmed by these trend lines, and they have to be changed. There is just no two ways about it. And they can't be changed a decade from now or 5 years from now. We are 5 years, 10 years, 20 years late already. These trend lines are the results of the fact that we failed to act in the past, and so there is a real urgency in getting on with this.

But it seems to me this problem lies right at the heart of what the organized labor movement has tried to do in terms of being able to get some decent measure of health protections for its workers and for its families. So I would like your reaction to this, if I may.

Mr. KIRKLAND. Well, everything that you say is germane and correct. I want to point out that the essence of the health care problem in this country has many, many different aspects. It has the question of quality and appropriate procedures, the question of cost controls and all of its ramifications. And each of those problems needs to be addressed in an appropriate way. And we are prepared to address them and try to grope toward appropriate and effective solutions.

But the essence of the problem lies in this point that you made: that the sector which has insurance coverage and the employers who provide it are burdened with the costs of the charity care and the unpaid care that hospitals and practitioners do provide, and they meet those costs by charging it to the insurance carriers and to the companies and the employee groups that pay it.

The trade union movement since the end of World War II has accomplished an extraordinary thing. Before the war and before these issues became subjects of collective bargaining, good health care was essentially a privilege of the rich to a greater degree than it is today. We democratized that privilege. The trade union movement through its collective bargaining endeavors democratized access to health care to a degree that had never been true before in the history of this country. We did it in many ways, and one of the ways was making it possible through trade union organizations to pool risks. Big companies with large work forces can have a natural pool, and they can go to an insurance carrier or a provider and simply negotiate a rate and then deal with that problem. But we also represent millions of employees who work in very small units and in transient and casual units, who without the creation by trade union action of a common pool of risk would never be able to get it under any circumstances except at the most exorbitant and outrageous costs.

We created multiemployer pools that brought in millions of workers and their families—workers in casual employments and construction and seafaring and hotel and restaurant employment and service employment—and gave them access to medical care.

Now, what we face in this country is a requirement that is the beginning of the process of creating a national covered pool to make it possible for all these people that are outside, the part-time workers, the casuals, the household servants, to get——

Senator RIEGLE. Migrant workers, whoever.

Mr. KIRKLAND. Migrant workers to get it. You can only do that by creating that national social insurance pool and spreading those burdens. That in itself is a cost control and addresses the problem you pointed to, and that is what the beginning has to be. And on that basis, then you build all these approaches to the other aspects of it.

Now, what you say is true. The trend line is for those areas of employment which do not afford health care coverage to be increasing, and it is very simple to see in the modern world as compared to the world of the past. One fast food franchise chain employs many more people than are employed today in the basic steel industry—McDonald's or Burger King. Now, those are part-time, casual, temporary employees, by and large, with limited or no health insurance coverage. That area of employment has vastly expanded as steel employment has shrunk. And that leads to the effects that you are talking about.

I put it at the very base. The role of the trade union movement and our major central objective in trying to serve working people and their families is to make it possible for people in all walks of life to stand on their feet and to conquer fear in the face of all the problems of life, in the face of people with more power, in the face of the boss and in the face of society at large.

What we have in this health care field today and what I find when I even discuss it anywhere throughout this country is the growth of real fear and we have got to conquer that fear and that is far more than the numbers or the proportions of all of those statistics that we talk about. There is in this country a growing wave of fear, a well-grounded fear, arising from this medical and health care situation—I mean fear of ruin, fear of physical ruin and fear of economic ruin. And that is not a fantasy. It is a real fear, soundly and validly based.

Senator RIEGLE. It could happen in a week's time. I have seen families devastated in 7 days or 10 days, without any warning. A single illness could wipe out a whole lifetime of work and earnings.

Mr. KIRKLAND. And they could be in that homeless mass and on the streets——

Senator RIEGLE. Absolutely.

Mr. KIRKLAND [continuing]. Very quickly, because all that stands between many millions of people in this country and that fate is their health and their employment. You take that away and they are going to be there.

Chairman SASSER. I understand Senator Bond has one question. We are running out of time here.

Senator Bond?

Senator BOND. Thank you, Mr. Chairman. I have a statement that I would like to have submitted in the record.

I just wanted to ask Mr. Kirkland one question. In my previous responsibilities in State government, I found that one essential part of controlling health care costs was to provide some incentive for the user, the employee or the insured person, to utilize health care judiciously. We found some success with this, either with financial incentives or disincentives. To what extent do you see this important role in designing a broader health care system?

Mr. KIRKLAND. If you are talking about the idea that cost control is accomplished by shifting those costs to the covered employee, I disagree completely with the proposition that that is a desirable or effective cost control mechanism. It is a device for shifting the cost of the coverage, there is no question about that. But it is not an effective device for the control of utilization or, as I prefer to say, use.

Senator BOND. That was not my question. I said financial incentives or disincentives, it can work both ways and it does work, we have seen it work if there are incentives for minimizing use.

Mr. KIRKLAND. I say again, sir, co-insurance and deductibles are not an effective and have not proved to be an effective means of controlling excessive use. It is an effective means of spreading the costs of the insurance, pure and simple, but it is not an effective means of controlling use. Use is determined by the medical profession. The hospitalization takes place on a doctor's order. And co-insurance and shifting part of that cost burden, either in the premium or in the uncovered area, is simply a device for cutting down the benefits and, therefore, the cost of the provider of the benefits. It does not improve quality of care. It does not effectively and constructively address the problem of abuse or over-use of services.

Senator BOND. Thank you, Mr. Chairman.

Chairman SASSER. Thank you, Senator Bond.

[The prepared statement of Senator Bond follows:]

Senate Committee on the Budget Hearing

THE IMPACT OF HEALTH CARE COSTS ON THE AMERICAN ECONOMY

February 7, 1990

Mr. Chairman, I wish to commend you for holding this hearing on the very important issue of rising health care costs and the effect this has on the American economy. The effect of sprialing medical care costs is felt in many areas of the American economy and Congress must be more cognizant of this fact and be prepared to take steps now to insure a healthy health care system for its citizens.

Today, in my own state of Missouri, 37 of our 143 acute care community hospitals operated in the red in 1988. It cost more than $4 billion to run these hospitals in that year, and this was $1 billion more than it cost in 1984. More than half of the expense of running a hospital went directly to employees in labor costs.

Malpractice insurance premiums have soared 130% in the last five years causing a decrease in the number of Ob/Gyn physicians and threatening access to much needed care. This shortage is becoming particularly acute in our rural areas and will only grow worse until something is done. Our rural hospitals also serve a higher percentage of the elderly population and they do not enjoy the economies of scale that larger urban hospitals do. However, urban hospitals face a higher percentages of patients whose insurance plan carries negotiated discounts and fixed payment rates.

Over time, our nation's health care system has evolved into a system where it seems that we do everything we can to conceal individual health care costs. The effect of this would seem to be a removal of any incentive for the individual purchaser of health care to be concered about the cost of a particular procedure. In fact, there are minimal incentives for cost competetivness.

Health care, in whatever form, is payed for by someone whether it be employers, employees or the state and federal governments through higher taxes on our citizens. A system must be developed to encourage cost consciousness on the part of the consumer. It is only logical that some form of cost incentives must be present in any economy where prices are expected to stay as low as possible. Any system that combines an attempt to hide from the purchaser the amount that he is paying for a service, while providing benefits that are perceived as free using artificial cost controls and rationing the way that our current system does, is not a fair and equitable system. Nor is it a system that should be expected to provide services at a competitive cost. The casualties of this kind of system are the providers--our hospitals, physicians, and clinics--who must contend with a system whose primary recourse for rising costs is in an artificial market of cost controls as well as patient who find deductibles and out of pocket costs increasing, as their overall coverage shrinks. We must do everything we can to bring the massive deficit under control. However, our aim to eliminate the deficit must not come at the expense of quality health care for our nation.

What I would like to hear today is a firm acknowledgment that not only do we face a crisis situation with the rising cost of health care, but that we must also be prepared to develop real proposals to contain these costs and accomplish this goal without damaging our health care system. New ideas are needed and must be developed without hurting competitivness by mandating health benefits onto the backs of employers or by asking our health care providers to take unreasonable cuts that threaten the solvency of our health care system.

Chairman **Sasser**. Thank you, Mr. Kirkland. Before you depart, I might make one comment. You indicated a moment ago that there is fear abroad in the country with regard to the cost of health care coverage.

I have seen this develop in my 13 years in the U.S. Senate. At first, when I came here, in my town meetings, the elderly and the near elderly were in fear of excessive health care costs. I have seen that now spread to younger families and in recent years small business people are showing up at these hearings, very, very concerned about health care costs. Many of them feel a moral obligation to try to extend health care coverage to their employees, but they are caught in the catch 22 situation if they do. The costs are so high for them that they cannot compete with the fellow down the street who does not feel the same moral obligation to his employees.

So, it is spreading across the country and I think that is one reason we are hearing not just from labor now, and not just from old folks, but we are hearing from business now that something has got to be done.

Thank you very much for your appearance here this morning.

Mr. **Kirkland**. Thank you, Mr. Chairman. Thank you, Senator.

Chairman **Sasser**. Our next witness will be the Honorable Booth Gardner, the Governor of the State of Washington. For the purpose of presenting and introducing the Governor to the committee, I am going to call on our distinguished colleague from the State of Washington, the senior Senator from Washington, Senator Brock Adams.

STATEMENT OF HON. BROCK ADAMS, A U.S. SENATOR FROM THE STATE OF WASHINGTON

Senator **Adams**. Thank you, Mr. Chairman and members of the committee. It is a great pleasure for me to be here this morning to introduce the Governor of the State of Washington, the Honorable Booth Gardner, who is not only an old friend of mine, but has shown true leadership in the fields of not only health care, but in many others in the State of Washington.

I have been particularly interested in staying this morning and listening to the testimony that has gone forth before the committee so far because, as a member of the Labor and Human Resources Committee, you are precisely correct in having Mr. Kirkland and others point out that there are 37 million unemployed people in the United States that have no health insurance.

Now, it is a great honor for me this morning and it is an honor for the State of Washington, for us to have Booth Gardner as Governor, because the State of Washington has played a leadership role—and I believe you will find this in the Governor's testimony—in the development of health care programs and in providing leaders in the discussion of the health care issues.

For example, in the 1960's, I had the great privilege, when I was in the House of Representatives, of accompanying Senator Kennedy and other members of that committee to look at group health and at the Kaiser Plans in the State of Washington, the Kaiser Plan being the first development of an HMO, on which many were patterned in the United States, and the Great Health Plan is a prepaid, cooperative health plan, and Group Health of Puget Sound provides comprehensive coverage and cost containment and has for many, many years. It is successful. It is one part of the health programs in the State of Washington.

As the members of this committee know, Senator Warren Magnuson was a champion of health issues in the U.S. Senate for many years and earned the title "Mr. Health" in the Congress.

Today, Governor Booth Gardner continues that legacy and I am so pleased that he does and that he has. He is Chairman of the National Governors Association's Health Subcommittee and he appears here in that role also.

I know that Governor Gardner's suggestions to the committee will be a valuable addition to the ongoing discussion of how to provide access to health care at affordable rates, for millions of Americans who, yes, Mr. Chairman, are in a state of fear until we achieve a solution to this complex problem.

So, Governor Gardner appears before you as an expert in his own right, as the Governor of a State who has a number of comprehensive programs that are of great interest and as a person who represents the National Governors Conference and the many Governors of the States to help this committee with the problem of health care.

So, Booth, I am very pleased that you are in Washington today and we are grateful that you would be here to give testimony to this committee.

Thank you.

Chairman SASSER. Thank you very much, Senator Adams.

We would be pleased to hear from you now, Governor Gardner.

STATEMENT OF HON. BOOTH GARDNER, GOVERNOR, STATE OF WASHINGTON, ON BEHALF OF THE NATIONAL GOVERNORS ASSOCIATION

Governor Gardner. Thank you, Senator Sasser and members of the committee. Thank you, Brock, for the introduction. Senator Sasser, I am a long-time friend, not necessarily an old friend.

Chairman Sasser. There is a distinction. [Laughter.]

Governor GARDNER. I feel it daily.

I am going to cut my remarks, in the interest of time, so let me say at the outset that the substance of my remarks is that Governors feel very strongly about the issue of universal access to care, in conjunction with a strong commitment to cost containment, with the understanding that we are major purchasers of health services, as well as service delivery people in the process.

I, as incoming chair of the Governors Association next year, have the option of using a subject that will be our primary priority and I share with you now that that will be the issue of health care. That is how important we think it is to the decade of the nineties.

I chair or cochair the Health Care Subcommittee, with Governor McKernan of Maine, NGA's health subcommittee.

The issues surrounding health care are becoming a major problem for States, as well as for the Federal Government, for business, and especially for people caught in the squeeze of increasing health care costs and limited access.

Now, as you stated, Senator Sasser, this is not the first time the issue has been brought before Congress, and at times Congress has been on the brink of major reforms in health care financing and access, but it did not happen. The question we ask ourselves is, what is so different today.

Well, we saw one answer in the chart brought up by Senator Riegle, which is that the ability to compete internationally is at risk because of product costs and the impact that health care costs have in relation to our total product cost.

Another answer to why it is important today is that in my memory, which is not as long as some of yours, it is the first time that we have observed or been a part of sustained economic growth, at the same time that we are seeing a substantial decrease in access to medical care, an anomaly that I do not think we can afford to live with.

So, what I am going to do in the course of the next few minutes is share with you how these problems impact States, list what I think should be the health care goals for all of us, and that is very short and sweet, to raise the questions we need to answer to solve these problems and to touch on the process necessary to move toward an equitable solution.

First, how do these problems impact States? Health care has become a major issue for all Governors, and as you know too well, the alarm was sounded last summer at the National Governors Association, when we adopted a resolution asking you to hold off on additional medicaid mandates while we work together to find the best solutions to the health care crisis.

Let me just say quite candidly that the resolution was not an attempt to run away from health care problems. It was simply a shot across the bow, as a clear message that States need to be included in the deliberations that will take place.

We have been active in addressing the problem of access and cost for a long period of time and we have borne, as States, much of the costs of health care expansion over time.

In 1989, we formed a subcommittee to address the issues of costs and access. All members of the committee believe that we must take substantive and effective steps to increase access to health care and to equitably finance services and control the costs of care. We are in the midst of that work now. We want to work with you and the administration to move this debate forward toward an equitable solution.

Now, let me use the State, our State, as a specific example of what I have been saying. First of all, we have taken almost every medicaid option that you made available to us. In addition, we were on the forefront of HMO's, in fact, had the first in the country, the Kaiser HMO, at the time of the building of the Grand Coulee Dam. And we have recently instituted a basic health care plan, on a pilot basis, to provide basic health insurance to the uninsured in the State of Washington, but we face tremendous problems.

First of all, access is worsening. Of that 37 million that are talked about, we are responsible for close to 1 million individual——

Chairman **Sasser**. Did you say access is worsening?

Governor **Gardner**. Yes; it is worsening, and we are responsible for about 17 percent of the people in our State who do not have health coverage. Two-thirds of those are working people or dependents of working people, and of the 25-percent increase that we have experienced recently, they are all virtually in the working category or dependents of working people, not people who are unemployed.

I might add also that this problem expands somewhat, when we look at the diminishing access in rural areas due to the shortage of appropriate facilities, doctors and nurses. But improved access will not be possible if we do not tackle costs, and rising costs are one of the reasons for the increasing number of uninsured.

As recently as 10 years ago, 10 percent of our State budget was involved in health care costs. That is now up to 14 percent. By the year 2000, we anticipate it will be 23 percent, without any change in policy, in other words, without any improvement in access. Improving access will cost us even more. In fact, if we improve access, even with the Federal match in medicaid, it would take 28 percent, by our estimates, of our State budget by the year 2000 to cover all uninsured, along with our current obligations.

Senator Bond, as you know better than most, that means either fewer services, significantly increased taxes or changes in the health care system. Clearly, there is only one acceptable answer and that is change in the health care system.

Now, we are not the only ones with problems. You heard from the previous speaker and you will hear from business in a moment. Individuals and families are seeing significant increases in their direct out-of-pocket health care costs, and our estimate is that per-capita costs for providing health care will increase by 34 percent, not counting inflation.

Chuck Robb mentioned earlier that he was a member of the National Coalition on Health Leadership, and they anticipate a 50-percent increase, if my information is correct. None of us can tolerate the continuing increase in health care costs, nor can we tolerate the devastating problems caused by lack of health coverage.

Let me get into the goals. They are very simple. We need universal access to necessary health services and we need to control costs to keep health care affordable for people, for business and for government. Now, they seem like simple goals, but we know they are not, but they are achievable.

There are countries, as we have seen by your chart, which show that they can provide universal access at less cost. So, here in my view is what we must do. We must make health care available to those who cannot purchase insurance. We must develop health coverage that does not penalize small business or older and high-risk people. We need to ensure people that health coverage will be portable from job to job and will be available in sickness as well as in health. We need to determine the role of private-sector employers in providing access for their employees and in working with the public sector to control costs. Clearly, the public sector must take a leadership role in controlling costs.

Ultimately, we need to make all residents of this country automatically eligible for health coverage, and to craft these solutions we need to work together. If the States do this on their own, then you are going to have magnet States, where people flock to the

States with universal access versus those that do not have it; if the Federal Government does it on their own, there is going to be tremendous problems with States who have to deliver the service and are major purchasers.

So, to accomplish these goals, I think we need to answer the following questions: What is the role of the States, what is the role of the Federal Government and how can we make equitable solutions as we move forward? Next, what is the responsibility of the private sector, because without more than a voluntary effort by the private sector, we can expect continual erosion of employer-based coverage, especially for dependents and low-income employees?

How do we finance changes in our health care delivery system? The most forthright way appears to be a formula of Federal, State and employer and individual contributions, and the process will not be painless. What changes should we make in medicaid and how can we decrease the administrative complexity of the system?

To sum it up, our critical needs are controlled costs and access for all citizens. Health costs are rising faster than any element of the consumer price index, yet at the same time I think we cannot be indifferent to those who cannot afford health care. First of all, it is inhumane; secondly, it does not make economic sense.

So, in closing, we are asking that you keep the States and the Governors at the table in this debate, and we will work with you for a compassionate and realistic solution to this compelling State and national problem.

Thank you very much.

Chairman SASSER. Thank you very much, Governor Gardner.

[The prepared statement of Governor Gardner follows:]

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BOOTH GARDNER
GOVERNOR

Testimony by Gov. Booth Gardner of Washington
Co-Chair, NGA Subcommittee on Health
before the
U.S. Senate Budget Committee
Feb. 7, 1990

Mr. Chairman, members of the Committee. I'm Booth Gardner, governor of the State of Washington, and vice chair of the National Governor's Association.

I also co-chair, with Gov. McKernan of Maine, NGA's health subcommittee.

The issues surrounding health care are becoming a major problem for states, as well as for the federal government, for business, and especially for people caught in the squeeze of increasing health care costs, and limited access.

This is not the first time the issues surrounding our health care system have been brought to you -- it's been a discussion item since the 1920's.

Medicare and Medicaid were a direct response to the health care needs of the most vulnerable members of our society. A number of times, Congress has seemed to be on the brink of major reforms in health care financing and access, but it didn't happen.

Why are circumstances more compelling this time?

One answer has to do with our ability to compete internationally. As a country and as individual states, we now are in direct competition with countries that have significantly lower product costs, much of that due to health care costs.

In 1992, we will be facing a united Europe and we will need to be even more competitive. But every dime added to product cost -- because of our inability to control health care costs -- damages our ability to sell products and services at home and abroad.

This is also the first time this country has experienced, simultaneously, sustained economic growth and a substantial DECREASE in access to medical care.

Today I'd like to outline our health care problems, with a focus on how these problems impact states; list our health care goals; raise the questions we need answers to, to solve our problems; and touch on the process necessary to get us to an equitable solution.

Health care has become a major issue for all governors. The realities about access and runaway health care costs have motivated the states to look for ways to address these issues.

The alarm was sounded by the governors at our annual meeting last summer. We took the unprecedented action of calling on Congress to hold off on Medicaid mandates and also called for a cooperative, bipartisan process to "find the best solutions to the health care crisis" that we now face.

The resolution was not an attempt by the governors to run away from the health care problems addressed by Medicaid. Rather, I see it as a "shot across the bow". It was a clear message that the states must be included in future decisions involving health care.

States have been active in addressing the problems of access and cost. And states have borne much of the cost of health care expansions.

We have been supportive of Medicaid expansions. But the issue is larger than Medicaid. Lack of access to health care and uncontrolled costs are pushing states up against the wall. Simply increasing Medicaid eligibility is not sufficient.

In 1989, the National Governors' Association formed the health subcommittee to address the issues of cost and access. It is empowered to bring together recommendations for improvements in the health system.

All members of the committee believe that we must take substantive and effective steps to increase access to health care, to equitably finance services and to control the cost of care.

We are in the midst of our work now. We want to work with you and the administration to move this debate forward to an equitable solution. The clock is ticking, and we need to develop a plan of action.

Let me repeat what I've said using Washington state as an example.

> On the one hand, our employers and providers have long been supportive of expansions of basic services for low income people.
>
> We opt for almost every Medicaid option available. For example, we provide maternity care for women up to 185 percent of poverty, and for all young children up to the poverty level.
>
> And, for five decades, we have developed innovative ways to deliver health services. The Kaiser HMO -- the first in the country -- began in the State of Washington during the construction of Grand Coulee Dam. And recently, we instituted the Basic Health Plan, which provides medical coverage for low-income workers and their families.

But we face major problems.

Access to health services is worsening. (And unfortunately, we are typical of most states in this regard.) Seventeen percent -- about 780,000 people in our state alone -- have no health coverage.

Two thirds of those people are working or are dependents -- mostly children -- of working people. The number of uninsured has increased by 25 percent in the past decade, and all of those people appear to be workers or their dependents.

Lack of insurance isn't the only barrier to access. There are significant problems with diminishing access in rural areas due to a shortage of appropriate facilities, doctors and nurses.

But improved access will not be possible if we do not tackle cost.

Rising costs are adding to the numbers of the uninsured. And when people without insurance get sick or injured, they ultimately will receive treatment, usually in an emergency room at the highest possible cost.

For people on low incomes, the decision to forego health insurance can be heartbreaking, especially if they have children. They are in direct danger of losing their jobs when illness strikes. Entire families are placed in jeopardy, and breaking a collarbone or catching the flu can become a family tragedy.

Rising costs are creating a serious health care funding problem for states. Ten years ago, health care consumed 10 percent of state revenues in Washington; currently, it's up to 14 percent. But in the next 10 years, that cost will take a more dramatic jump, to 23 percent, WITHOUT any policy changes -- in other words, without ANY improvement in access. Improving access will cost us even more.

Our state cannot finance the care needed by the uninsured, and still meet all our other obligations.

Even with the federal match for Medicaid, it would take 28 percent of our state revenue in the year 2000 to cover all the uninsured, along with current obligations. And in a balanced budget state, that would mean fewer services, significantly increased taxes, or changes in the health care system.

State government is not the only area with problems. Medical insurance costs for business rose an average of more than 20 percent for business in 1989; and even more for many smaller firms.

Individuals and families are seeing signifcant increases in their direct out-of-pocket health care costs as well.

Analysts in Washington state project that by the year 2000, our real per capita cost of providing health care will increase 34 percent, not counting inflation.

Clearly, none of us can tolerate the continual increase in health care costs. Nor can we tolerate the devastating problems caused by lack of health coverage.

Changing the health care system is the most acceptable alternative for all of us.

The answer lies in meeting the following goals:

#1 We need universal access to necessary health services.

#2 We need to control costs to keep health care affordable for people, for business and for government.

These may seem to be simple goals; we all know they are not. But they ARE achieveable. And, they are tied together. If we are not able to control costs, the goal of improving access will be reduced to wishful thinking.

Other countries have shown that universal access is possible, and that costs can be contained. For us, it will require difficult decisions and considerable political will. Governors are used to hard decisions, and I think many are willing to push the political agenda, especially if we can do it in concert with the federal government and the private sector.

In my view, here's what we must do:

** We must make health care available to those who can't purchase insurance.

** We must develop health coverage that does not penalize small businesses and older and high-risk people.

** We need to ensure people that health coverage will be portable from job to job, and that it will be available in sickness and in health.

** We need to determine the role of private sector employers in providing access for their employees and in working with the public sector to control costs. Clearly, the public sector must take a leadership role in controlling costs.

** Ultimately, we need to make all residents of this country automatically eligible for health coverage.

** And, to craft these solutions, we need to act together. If states go solo, they will become magnets for people looking for better benefits. And if the federal government goes solo, you'll get nothing but animosity from the states, who will have to implement the delivery system.

To accomplish these goals, we need to answer the following questions:

** What is the role of the states, and what is the role of the federal government? Our solutions must be equitable.

** What is the responsibility of the private sector? Without more than a voluntary effort by the private sector, we can expect continual erosion of employer-based coverage, especially for dependents and low-income employees.

** How do we finance changes in our health care delivery system? The most forthright way appears to be a formula of federal, state, employer and individual contributions -- this process won't be painless.

** What changes should we make to Medicaid?

** And how can we decrease the administrative complexity of the system?

To sum up, our critical needs are controlled costs, and access for all citizens.

And we cannot achieve one without the other.

Nationally, medical costs are rising faster than any other element of the consumer price index -- faster than food, housing, clothing, transportation, or any other item.

We cannot be indifferent to those who can't afford health care. It's inhumane, and it also does not make economic sense.

This country, and this state, can be more competitive internationally if we get a handle on our health care delivery system, by improving access and cost.

Ultimately, we should have a national health care plan.

And we should focus more on prevention. Universal access will allow us to do that.

Universal access may even result in lower costs, as people receive early health care, which is less costly, and which can result in less need for treatment over time.

But we won't get to universal access unless we control costs.

To achieve solutions, we need to commit to specific goals, answer the difficult questions, and then be willing to make the hard decisions.

We need to to break the current logjam, and lay out a direction to proceed. The governors and other groups are willing to work with you in this process.

We are asking you to keep us at the table, and we will work with you for compassionate and realistic solutions to this very compelling state and national problem.

###

Chairman **Sasser**. Last year, the National Governors Association took the unprecedented step of calling for a moratorium on Federal legislation to expand medicaid coverage for pregnant women and children. I think all but one Governor signed that request for a moratorium. Was the reason for that the feeling on the part of the Governors that the States were not having enough input into the working relationship between the Federal Government and State government on medicaid?

Governor **Gardner**. That is part of the answer, Senator. Another part of the answer was that the costs were geometrically escalating on us and, as we looked at the trend lines, we recognized that, as with you in terms of, as Grassley said, it may take 82 years, but it will consume your total GNP. We were seeing a tremendous amount of the State GNP being absorbed by health costs.

Chairman **Sasser**. Right. Of course, we are sort of in the contradictory situation of the Governors saying we want a moratorium on Federal legislation expanding medicaid to pregnant women and children, yet at the same time we are 21st in infant mortality in this country and we are caught in the situation where State governments are seeing their medicaid costs going up.

I was just looking at some figures which indicated that health outlays account for about 19 percent of the Federal budget. If you look across the States, you find that outlays for medicaid alone in State budgets now is averaging about 16 percent, so you are almost in the same position we are at the State level with regard to the percentage of your resources that health outlays are consuming.

I know what the experience is here at the Federal level, how that squeezes other areas of the budget. What is happening at the State level? In other words, you have got to bear the lion's share of the cost of education, which is a number one priority, at least we hope it is at the State levels. What is happening as these two needs compete?

Governor **Gardner**. What you are seeing is, in the nondiscretionary area, continued commitments, such as K–12, but with pressure in the discretionary committing of funds, such as higher education, you are seeing a diminution of commitment as health care costs and long-term care costs begin to absorb that amount of the budget.

Quite candidly, the funds that we used to save are now being spent on health care. Those funds used to go to employees in educational salaries. Those are being held back substantially at the State level now.

Chairman **Sasser**. I know you are short on time, so I am going to go to Senator Grassley for his questions.

Senator **Grassley**. I am not going to ask you a question, but there was a point I want to make that I should have made before Mr. Kirkland left. I wanted to compliment him for trying to find consensus, moving away from the hard position that he admitted he had decades ago.

If I had any one disagreement with something he said, it would only be along the lines of the insinuation that maybe there might be some things we could borrow, Canadian, European, English systems. I guess if there is one conclusion I would come to in looking at them is that some of the shortcomings of those systems would dictate that the American people, as I know the American people, are not going to accept them.

I wanted to point out for the record an article by John Englehart, in the New England Journal of Medicine. He quotes Robert G. Evans, as a health economist, on the Canadian system, and this quote from Mr. Evans: "Increasingly, Canada is running into the contradiction that was built into the health insurance plan at its creation. By that, I mean that there is a basic conflict in a policy that says, one, government must control its budget; two, health must be universally available; three, physicians must retain their professional autonomy and consumers must have free choice of providers."

The Canadians are already finding fault with that and those are things that Americans are going to want to retain in their system.

Also, with the British system, it has one of the lowest rates of physicians per-unit of population of any Western industrialized country and the rate would be even worse were it not for the immigration by doctors from third-world countries who come to Great Britain, because salaries are a little bit higher in Great Britain than they are in the third-world nations.

An article from the Wall Street Journal that quoted doctors in Ottawa, saying that heart patients can expect to wait 4 months for a coronary bypass, or a Vancouver doctor that reports a 1- to 3-month wait for a neurological examination, a 9-month wait for a cataract operation, a 4-year wait for a corneal transplant.

A letter to the editor in the New York Times by a Dr. Bill Weaver, who says that the risk of dying—this is a quote—"the risk of dying on a waiting list for cardiac surgery is greater than the actual operation operative risk." That is based on the Canadian system.

In Britain—and these figures are probably 2 years old, but at that time 680,000 Britains were on a waiting list for elective surgery or what they might call nonemergency surgery, or that you have to wait 2 months to get the results from a Pap test, or people over the age of 55, as a practical matter—I do not know if it is written policy, but as a practical matter—no kidney dialysis, so that means that 1,500 Britains a year die because of that.

I just want to get that on the record because I think that we ought to consider those things and I would ask Mr. Kirkland to consider those things as he looks to maybe the British or English system.

I would have one question for you, because this is something that maybe we could learn at the Federal Government from some experience in State government. A lot of Governors are to be complimented for, in a lot of ways, trying to save money that we in Washington are not ingenious enough to think about, because we do not have the political courage.

Would there be some one thing that you could point out to us, Governor Gardner, that you have experience with controlling costs or reducing some aspect of medical care costs that you have experimented with, that you are certain really works and, if done nationally, it would bring down costs?

Governor **GARDNER**. One item would be the consolidation of purchasing power and still try to maintain the integrity of our system, getting the purchasers of health care to come together in a uniform manner so that we can purchase health care on a broad basis and in that way try to control costs.

Senator **Grassley**. Thank you, Mr. Chairman.

Chairman **Sasser**. Thank you very much, Governor Gardner. We thank you for coming such a long way today to give us the benefit of your thoughts and we on the committee will look forward to working with you in the future on this very vital and important question.

Governor **Gardner**. Thank you. I would only repeat that we are sincere in our desire to work closely with Congress on this issue and we look forward to many hours of time.

Senator Grassley, your statement previous to your question just made the case, which is that we have a very difficult problem to solve, many difficult issues, but we have an obligation to make sure it occurs.

Thank you.

Chairman **Sasser**. Thank you very much.

Our last witness this morning is Mr. Richard E. Heckert, the Chairman of the Du Pont Company's Finance Committee, and until last April Mr. Heckert was Chairman of the Board. Mr. Heckert is also the Chairman of the National Association of Manufacturers' Executive Committee, on whose behalf he is testifying today.

In his own right, Mr. Heckert is a distinguished chemist and businessman. He received his education at the Miami University of Ohio and the University of Illinois, and we are most pleased to have him here today to present his very thoughtful testimony.

Mr. Heckert, we welcome you and we look forward to your views and observations.

STATEMENT OF RICHARD E. HECKERT, CHAIRMAN, FINANCE COMMITTEE, DU PONT CO., ON BEHALF OF THE NATIONAL ASSOCIATION OF MANUFACTURERS, ACCOMPANIED BY SHARON CANNER AND ELLAN WHARTON

Mr. **Heckert**. Thank you, Mr. Chairman.

I am going to spare all of you a rehash of my written testimony. I hope you will find it useful. The NAM staff, represented today by Sharon Canner, has done a good job of surveying its membership and getting their views on the problems that we face nationally, and those I think are well summarized in what we have submitted, as well as certain backup documents which you may find useful.

I am going to, instead, get to what I consider to be two or three core aspects of the problem, what we think might help in the future and some things we know for certain will not work.

To give you a little better view of Du Pont, my company currently employs over 100,000 people in the United States. If you add those workers with dependents and other relatives that are covered by our health system, we tended to the needs of approximately 450,000 individuals last year, at a cost of approximately $450 million.

So, it is a big ticket item. I am always reluctant to say that American competitiveness hangs on any one aspect of the cost picture, but clearly the cost of health care in the United States, which is largely borne today by companies who hire our people, is becoming an increasingly difficult issue.

If that $450 million were to become $900 million in the next 7 years, which is one of the forecasts, if nothing else were to change, I think you could appreciate how much agony that would represent, how seriously Du Pont would be looking for ways to reduce health care costs for its people. So, yes, it is a big problem.

First of all, I want to address one of the great myths that I guess most Americans have not looked at very squarely. We do not have a market system in this country to deliver health care.

Chairman **SASSER**. Mr. Heckert, I am going to have to interrupt you. We have got a vote on the Senate floor and Senator Grassley and I have got about 7 minutes to get over there to vote. I am going to run over there and vote and I will be back here just as quickly as I can, which ought to be about 10 minutes.

Mr. **HECKERT**. Well, I will be here, probably not many of these folks, but I will be here. [Laughter.]

Chairman **SASSER**. As long as you are here, that is the important thing.

Senator **GRASSLEY**. I want you also to note that I specifically take note of the 10 recommendations you have on the last page of your statement. Thank you very much. I feel they are somewhat in the spirit of trying to work with the reality of finding something new and different in the world, a program that will work in the United States and not just draw on some other country.

Mr. **HECKERT**. We want to help all we can.

Chairman **SASSER**. The committee will stand in recess for 10 minutes.

[Short recess.]

Senator **DOMENICI**. The committee will come to order.

I received word from the chairman that he has been unexpectedly detained on this vote and, so that we will be sure to get your testimony on the record, we are going to proceed now to let you finish your opening remarks, please.

Mr. **HECKERT**. I would be very happy to do that. In your interest, I will summarize very briefly what I had said, which was not much.

I am here today representing NAM. I have, of course, behind me 40 years with Du Pont, so I have also the perspective of a large domestic employer.

I have made the comment that in the United States, Du Pont employs somewhat over 100,000 people and, counting their families and retirees, our health programs provide care for about 450,000 individuals, at an annual cost of around $450 million.

I then observed that if the current forecast of doubling in the next 6 or 7 years comes true, I think you can appreciate the pain that we see in prospect. That $450 million is a pretty good chunk of our net profits and, if that is to double in that short period of time, that is a real cost problem.

I said I am reluctant to blame all U.S. competitive problems on any one item. Obviously, there are lots of reasons why we have struggled the last 20 years in international markets, but certainly health care costs are becoming an important element in the competitive picture and we simply cannot stand the current rate of escalation. We have to begin to deal with the problem.

I would not disagree significantly with the previous speakers. We understand labor's perspective and agree with much of it or most of it. There clearly has to be a national response of some kind to take care of the question of access for those who do not have it. In our view, there also should be an important private component to the solution. We would not be happy scrapping everything we have in place, but there are some problems with it.

So, we strongly support at NAM a careful look at all aspects of the problem and some significant changes to arrest this trend of annual increases of 10, 15, 20 percent per year in health care costs. That is not a viable path to be on. It just will not work.

The next thing that I had started to say when we were interrupted was that there is a common misconception that we have a market system working in the health care area in the United States, and I would remind you that the market system works when the people who gain benefits pay for them. That is most definitely not what we have. Employees get health care, health providers provide health care, companies pay for health care, and the loop is not closed.

I would agree with what some of you would say. "Yes, but in the end people pay for everything". They do indeed, and one cause of the high costs of health care today is the fact that those moneys are going into health care and are not being used for other things that might be better for the nation and the economy in the long haul.

So, it is a serious problem but it is not a market system. Employers cannot control health care costs. They can fiddle around the edges, they can decide with their employees how much of the burden they are willing to share, but they cannot control the rate of growth of health care costs in the United States And if you do not believe that, you really have not been paying attention for 30 years, number one.

Number two, government can control health care costs; and, number three, people can also. So, the answers we are looking for probably reside in part on increased government involvement. At the Federal level, and perhaps the State level, governments can ration health care, governments can decide how much of it will be available, paid for by some out of the common pool. Individuals can ration health care for themselves if they are paying for it, by deciding how much they are willing to buy and what kind of health care they are willing to buy.

So, individuals can exercise some restraint and have a beneficial effect on rising health care costs. Government can, companies cannot. I really hope you will buy in on that, because if you are expecting us to tidy up our act and solve your problem, it is not going to happen. We simply do not have that kind of clout. No CEO can decide what kind of health care one of his employees is going to get. He can only decide how much of it the company will pay for.

Now, what will happen, I would think is pretty much a continuation of what is already happening. The companies that recognize that these cost increases year to year are not sustainable are beginning to look for ways to pass those costs along to employees, so cost sharing and program restructuring to reduce scope are taking place now pretty much throughout corporate America. That will continue. None of us are very happy about that.

The most popular thing we ever did with our people was to provide health benefits. They really liked it. We liked it. They had that feeling of being basically right. The problem was it was economically flawed the way it was set up. There was no back pressure on health care costs and it began to run away from us. In fact, we were part of the problem. We helped create it and now we need some help to turn it around.

So, we have to recognize that government has to deal with access and government has to deal with whatever rationing is required to live within our means. Companies will have to decide how much they can provide in the way of health care for employees, but if they are smart, they are going to invent some ways of sharing those costs that really help employees become better consumers.

Now, it is just economic nonsense to say that when people pay the first $100 or $500 of the cost of health care, that it will not influence what they do. It *will* influence what they do, and they and their doctors will have a very different kind of dialogue than they have under the current arrangement.

Even when I had a very visible position in Du Pont, I had to suffer the indignity of being told by some of my professional friends, why not go ahead and do this, the company was picking up the tab. Why not, indeed? Now, if the individual is sharing those costs up-front, it will influence his or her buying decisions and it will have some restraining influence on the rise in health care costs.

So, a very constructive thing that business can do is to begin to look for ways to share with employees the cost of health care, and that is going on. It is not a happy process. It is not something we hoped would happen, but it is something which is absolutely essential if we are going to turn this thing around.

Now, those are the most important things I can say to you. Beyond that, I assure you that American business, and the NAM specifically, wish very much to work with you to find solutions that are really acceptable across the board, with our friends in labor, our friends in government, and of course other business people.

We really believe some fundamental changes are necessary and timely. We recognize there has to be a significant public component. I do not choose to call it socialized medicine, because I hope it will not go totally across the board, but there has to be a public commitment of some magnitude and that probably means spending quite a bit of additional money if you are going to solve the access problems and develop a structure that is manageable.

I hope there would also be a large private component. I would hope that companies could find ways to work with employees and retirees to share the cost of health care and make it affordable to most and make it much better managed from the consumer's perspective.

That, in essence, is my message and we will talk about any aspect of the problem you choose to. But if you want to get your arms around the cost question, we have to build some kind of restraint in the private sector and government will have to do some rationing of its own. That is not a happy message, but it happens to be right.

Thank you.

Chairman SASSER (presiding). Thank you very much, Mr. Heckert.

[The prepared statement of Mr. Heckert follows:]

MANUFACTURING
CREATES
AMERICA'S
STRENGTH

TESTIMONY OF
RICHARD E. HECKERT
CHAIRMAN, FINANCE COMMITTEE
E.I. DU PONT DE NEMOURS AND COMPANY

ON BEHALF OF THE
NATIONAL ASSOCIATION OF MANUFACTURERS
ON
HEALTH COSTS AND THEIR IMPACT ON BUSINESS

BEFORE THE
SENATE BUDGET COMMITTEE
U.S. SENATE

FEBRUARY 7, 1990

NAM

National Association of Manufacturers
1331 Pennsylvania Avenue, NW, Suite 1500 — North Lobby
Washington, DC 20004-1703 (202) 637-3000

The National Association of Manufacturers is a voluntary business association of more than 13,500 member companies and subsidiaries, large and small, located in every state. Members range in size from the very large to the more than 9,000 smaller manufacturing firms, each with fewer than 500 employees. NAM member companies employ 85 percent of all workers in manufacturing and produce more than 80 percent of the nation's manufactured goods. NAM is affiliated with an additional 158,000 businesses through its Associations Council and the National Industrial Council.

EXECUTIVE SUMMARY

Health costs increased at twice the rate of inflation for almost all of the 1980's. The United States spent nearly 12 percent of GNP, or more than $600 billion in 1989 on health care, and outlays are expected to reach $661 billion in 1990. The U.S. per capita spending for health is nearly double that of the other OECD countries. There is general agreement on the various factors contributing to cost increases, yet few agree on solutions to this complex problem.

Employers are the primary sponsors of health benefit programs, covering some 165 million workers and their dependents. But cost escalation is seriously affecting the bottom line and raising questions about the future of employment-based benefits. A January 1989 survey of NAM members indicated that health care costs had consumed an amount equivalent to more than one-third of corporate net profits.

Rising health costs require priority attention by the Congress, the Administration and other top policymakers. We must address this critical issue if we are to achieve economic growth, be globally competitive and prosper in the future.

Steps to begin this process include: (1) Purchasers, providers, insurers, labor and consumers must work together toward solutions; (2) Private and public purchasers of health care should focus on quality outcomes in their buying decisions tying reimbursement to quality of performance; (3) Data on health care providers should be made publicly available through passage of state laws; (4) Medical malpractice liability reform should be pursued at the federal level; (5) Continued research on practice guidelines for physicians should be encouraged with consideration given to use of guidelines as a defense in litigation; (6) The federal government should use its purchasing power under Medicaid and Medicare to encourage a more efficient marketplace; (7) We should encourage insurance arrangements, such as multi-employer trusts, that enable groups of firms and workers to join together to obtain pooled experience rating; (8) State benefit mandates add to the cost of health coverage and should be federally preempted to encourage small firms to work with insurance companies to develop low-cost basic health plans; (9) Employees should be educated consumers of health care with greater emphasis on responsibility for one's own health and more efficient use of the health system; and (10) We should reduce state barriers to effective cost management, including repeal of state regulations that restrict managed care and utilization review programs.

Testimony of Richard E. Heckert
Chairman, Finance Committee
E.I. du Pont de Nemours and Company
on Health Costs and their Impact on Business
on behalf of the
National Association of Manufacturers
before the Senate Budget Committee
U.S. Senate
February 7, 1990

Mr. Chairman and members of the Senate Budget Committee, I am Richard Heckert, Chairman of E.I. du Pont de Nemours and Company's Finance Committee and until last April its Chairman of the Board. My company employs over 100,000 people in the United States. Adding together the dependents of these workers and our retirees we provide health coverage to approximately 450,000 individuals at a 1989 cost of approximately $450 million dollars.

I am also the Chairman of the National Association of Manufacturers Executive Committee and I am pleased today to appear on behalf of its over 13,500 member companies, 9,000 of whom have fewer than 500 employees. Accompanying me is Sharon Canner, NAM's Assistant Vice President of Industrial Relations. I wish to thank you, Mr. Chairman, for holding this hearing on the costs of heath care, a subject of great concern to business. To underscore this concern, in November, NAM transmitted a letter on this topic signed by us and other employer groups representing some 800,000 businesses to all members of Congress. The high costs of health care must be addressed if we are to achieve real economic growth, be globally competitive and prosper in the future.

While my statement focuses primarily on the costs of care, I would be remiss if I did not take note of a parallel concern of the NAM. Lack of health benefits coverage for over 30 million Americans is a major societal problem, which we believe should be addressed in tandem with the problems of cost and quality. NAM has developed position papers on this issue which we would be glad to share with the committee if so requested.

Employment-Based Health Benefits

Our nation spent nearly 12 percent of GNP or more than $600 billion last year on health care. The Department of Commerce estimates that outlays will hit $661 billion in 1990. Costs have increased at twice the rate of inflation for almost all of the 1980s.

The March 1987 Current Population Survey (CPS) conducted by the U.S. Census Bureau reported that in 1986, 83 percent of Americans under age 65 were covered by health insurance. Three-quarters of those covered obtained coverage either through their own employment or that of a family member. Employment-based group health benefits are truly a success story from the employee's perspective, covering over 165 million Americans. Such benefits serve several important purposes--from assuring a healthy productive workforce, providing the emotional and financial security of family protection, to functioning as an employee relations tool in attracting and retaining quality workers. However, these benefits are quickly becoming unaffordable and in fact, have contributed to runaway health costs. The third party payment system in economically flawed, further compounding the problem.

In particular, coverage for manufacturing firms is high. A January 1989 survey of NAM members revealed that of companies with fewer than 25 employees, 96 percent offered benefits to workers and 94 percent offered such benefits to dependents as well. For larger companies the coverage rates neared 99 percent. While some self-selection in the survey may have occurred, other studies, such as that conducted by the U.S. Small Business Administration, tend to confirm these numbers.

The United States Versus Other Nations

Spending on health care in the United States continues to grow faster than that in other major industrialized countries. From 1986 to 1987, U.S. per capita health care expenditures increased by 8.7 percent compared to an average adjusted rate of increase of 5.6 percent in Canada, France, Germany, Italy, Japan and the United Kingdom. U.S. per capita spending on health care was $2,051 compared to $1,033 for the other six countries. In 1987, the United States spent approximately 11.2 percent of its gross domestic product on health care compared with an average of 7.3 percent for 24 Organization for Economic Cooperation and Development (OECD) countries--35 percent less than the United States.

Cost of Health Care and the Impact on Large and Small Business

The nation's health care expenditures rose by 8.5 percent in 1986 and 9.8 percent in 1987 which represented over 11.5 percent of the gross national product (GNP) going for health care. From 2.4 percent of total compensation and 23 percent of total benefits in 1970, health costs grew to 5.4 percent of total compensation and 33 percent of all benefits in 1987. A January 1989 survey of NAM members confirmed that the cost of providing benefits had skyrocketed, consuming an amount equivalent to more than one-third of net profits. Offsetting quality or service gains have not emerged to justify these cost increases.

Smaller employers generally buy commercial insurance or Blue Cross coverage, both of which are subject to state mandated benefits laws. Over 700 state mandates require the inclusion of certain benefits and services in health plans such as nutrition counseling or acupuncture, regardless of the beneficiaries' request for these services. Larger employers, on the other hand, usually self-insure and are therefore exempt from state mandates. They are able to design their own coverages and cost-management programs and thus have a greater degree of control over their cost.

Small employers have little or no ability to bargain with insurers and providers and when confronted with cost increases they must face the hard choices of reducing benefit coverage, increasing cost-sharing or dropping health benefits altogether. The Will-Burt Company with 225 employees in Orrville, OH was notified last year by its insurance carrier that premiums in 1990 would rise 61 percent. (In 1989 the increase was 52 percent). Conversations with this company indicate that benefit reduction and increased employee payments are strongly being considered as well as reducing R&D and investment in equipment.

With regard to my own company, we have availed ourselves of most of the latest in cost management techniques, yet our costs continue to rise at an increasing rate. When our final 1989 numbers are in, we expect costs for the year to be more than 15 percent above that for 1988. Such costs affect du Pont's competitiveness and surely impact the competitiveness of other companies. Ultimately, consumers are affected through the increased costs of goods and services.

It is estimated that by the year 2000 health costs will reach 15 percent of GNP, up from nearly 12 percent today. Such yearly cost increases cannot go unchecked indefinitely without seriously damaging the ability of American business--and its employees--to grow and prosper and compete globally.

Underlying Causes of Cost Increases

Health care costs continue to exceed general inflation year after year for a variety of reasons including a bias toward excessive and sometimes inappropriate use of technologies; excess and redundant hospital capacity in some places, a lack of facilities in others; an overwhelming and expensive medical malpractice system leading to excessive defensive medicine; lack of quality measures and appropriateness of care; and underpayment by government to Medicare and Medicaid providers resulting in cost-shifting to private payors. Additionally, a changing age structure and new disease patterns will aggravate cost pressures in the years ahead.

A major factor contributing to cost increases is the third party payment system as mentioned earlier. For the most part, consumers still pay a relatively small share of the cost of services, giving them little incentive to use those services judiciously, which leads to overutilization and higher costs.

The Rand Health Insurance Study, an extensive study of over 7700 persons conducted from 1974-82, indicated that cost-sharing reduced both ambulatory and hospital care expenditures; deductibles produced larger reductions in ambulatory than in hospital care; and utilization falls steadily as cost-sharing increases. However, other studies have shown that in some instances cost-sharing reduces the use of preventive and early diagnostic care leading to more expensive care later on.

Recent surveys have shown a trend toward increased employee cost-sharing and deductibles. Hewitt Associates found that in 1984 front-end deductibles were used by 50 percent of employers surveyed which grew to over 70 percent by 1989. Despite these efforts, employer spending for health continues its inflationary climb.

Employee cost-sharing among union workforces is a major issue for collective bargaining. Recent strikes including those of various Bell companies, have demonstrated the difficulty of implementing such cost control measures. It is unfortunate that this issue has become so politicized. At issue is how we make sure that a patient derives value from a medical encounter. Participation in payment is so far the best incentive to understand value.

The payment system, often first dollar coverage, was designed--or rather evolved--when health care spending as a share of GNP was little more than half of what it is now. It is obvious that major changes are needed to improve this system and reverse the upward trend of cost increases.

Quality of Care

As noted above, uneven quality and inappropriate care significantly add to the cost of health care. The Rand Corporation estimates that unnecessary and inappropriate care adds as much as 10 percent--or $50 billion annually--to health costs. Quality varies across the country; for example, residents of Boston are more than twice as likely to undergo a controversial stroke-preventing procedure as residents of New Haven, Connecticut. Additional studies by Caper and Wennberg of two Maine cities reached similar conclusions for hysterectomies.

A study of coronary bypass operations in one western state found 14 percent of such procedures were unnecessary. Nationally, 230,000 bypass operations were performed in 1987 at an average cost of $28,000. Eliminating inappropriate use of this procedure could save $1 billion annually.

Quality as measured by outcomes must be the primary concern. Once provider results are documented, purchasers and consumers can select the high-quality low-cost providers. Making purchasing decisions on the basis of quality must become the norm if we are to begin to gain some measure of control over cost.

Cost Management Strategies

As costs began escalating in the late 1970s and early 1980s employers undertook a variety of efforts to slow cost increases--PPOs, second opinions on surgery, hospital precertification, utilization review, incentives for outpatient surgery and increased cost-sharing as noted above. Some efforts provided temporary relief only to be abandoned when health care providers changed their practices or other players changed their behaviors. For example, patient incentives to use outpatient surgery subsequently resulted in some health care institutions building new outpatient surgery centers, shifting existing beds to outpatient use and charging stiff fees to finance these ventures.

Experience with cost management, however, is also reaping some positive results which can serve as models for other companies, at least for the present. Allied-Signal, an industrial giant with 85,000 domestic employees, has implemented a corporate-wide managed care program that has thus far kept yearly cost increases in the 8 to 12 percent range, far below the average for many large companies. Allied-Signal employees are given financial incentives to use physicians selected by the company who have agreed to serve patients for a certain negotiated fee. Going outside the network of physicians results in a deductible equivalent to 1 percent of pay with no cap.

Caterpillar Inc., which includes nearly 20,000 employees, dependents and retirees, has managed to hold cost increases at about 15 percent on average over the last two years. The company contracts with hospitals with concessions on fees, and negotiates with physicians. Caterpillar only pays a physician's bill up to an amount it considers fair payment, and will represent the patient in court if necessary. It has won most battles thus far. Contracts with pharmacies save on prescription drugs as does using generics, if the physician does not specify a proprietary drug.

Besides focusing on internal strategies to deal with increased costs, some companies are also focusing outside the company on the health care product itself and attempting to assess its value. Data laws in some states, such as Pennsylvania, Iowa and Colorado, are providing the tools to assist this process.

In Pennsylvania, Act 89 requires medical care providers to record both cost and outcome data for each inpatient hospital admission. These data are collected by a state agency for release to the public. Comparing outcomes for hospitals and physicians and relating this to cost clearly shows who delivered the best results at lowest cost. Less effective providers obviously must change behavior or risk losing patients. Thus, when the law is fully in place, purchasers will have an effective tool to aid in their buying decisions. Enactment of the law came about through the formation of the Pennsylvania Cost

Containment Council consisting of both labor and management--the cooperation that is so essential to addressing the cost problem.

A group of Pennsylvania corporations including Alcoa, USX, and others are already using some of these outcome data to compare provider performance. Employees are given information on providers and financial incentives--in the form of reduced cost-sharing--to choose the most cost-efficient high-quality providers.

Taken together, cost management strategies have achieved limited success, some better than others. Certainly, employers must continue to vigorously pursue these strategies. However, no matter how much we try harder and work smarter, we will not achieve control over costs unless we make fundamental changes to the health care system as we know it today.

Conclusions and Recommendations

Health costs increased at twice the rate of inflation for almost all of the 1980s. The U.S. per capita spending for health is nearly double that of the other OECD countries. There is general agreement on the various factors contributing to cost increases, yet few agree on solutions to addressing this complex problem. Employers are the primary sponsors of health benefit programs, covering some 165 million workers and their dependents. But cost escalation is seriously affecting the bottom line and raising questions about the future of employment-based benefits.

It is clear that health costs require careful, but priority attention by the Congress, the Administration and other top policymakers and this hearing is an important part of that process. Below we offer some recommendations as beginning steps in this discussion.

o All concerned parties--purchasers, providers, insurers, labor and consumers--must must work together toward solutions to the health cost crisis.

- o Both private and public purchasers of health care should focus on quality outcomes in their buying decisions tying reimbursement to quality of performance.

- o Data on individual hospitals and physicians should be publicly available to assist purchasers in making intelligent buying decisions. All states should enact such laws, and compliance should be a condition of receiving federal Medicaid funding.

- o Medical malpractice liability reform should be pursued at the national level with limits placed on contingency fees and punitive damages. We should strengthen standards for negligence; establish no-fault compensation for certain areas of liability and discourage frivolous suits.

- o Continued research on practice guidelines for physicians should be encouraged and consideration given to use of such guidelines as a defense in litigation.

- o The federal government should use its purchasing power under Medicaid and Medicare to encourage a more efficient marketplace. Public programs should stress the use of managed care and other state-of-the-art cost control measures to hold down costs and improve efficiency.

- o We should encourage insurance arrangements, such as multi-employer trusts (METs), that enable groups of firms and workers to join together to obtain pooled experience rating.

- o Over 700 state mandated benefit laws add to the cost of health coverage and should be federally preempted to encourage small firms to work with insurance companies to develop low-cost basic health plans.

- o Employees should be educated consumers of health care. Individual responsibility for one's own health should be stressed. Employees should be instructed on how to use the health care system and health benefits better, and greater emphasis should be placed on preventive health care.

- o We should reduce state barriers to effective cost management including repeal of state regulations that restrict managed care and utilization review programs.

Chairman SASSER. As I indicated earlier, we have had leaders of industry such as Lee Iacocca, the chairman of Chrysler Corp., and Don Peterson, chairman of Ford Motor Co.—and I hope I am not misquoting these distinguished gentlemen—calling for some form of national health insurance.

As I hear you today, you are saying that the Federal Government has got to take an active role in health care cost containment. Would you go so far as to say that we need a national health insurance plan in this country, or would you limit yourself to some sort of cost containment role?

Mr. HECKERT. You have medicaid. If it were reworked and made into what I think we originally thought it was going to become, that is a vehicle. I am not an expert on your options. I simply say you have to be there to deal with access, and when you do that you are going to have to work out some cost containment dimensions to your solution. Whether it is medicaid or some old or new approach that involves more sweeping changes, I am not sure.

I do not really have a strong feeling about that. The strength of my feeling is primarily that the access issue has to be dealt with. I would hope the government could find a cost effective way to do it, but I absolutely assure you that, as you get involved in delivering and paying for health care services, rationing is going to be a part of your world and you had better get ready for it.

Chairman SASSER. And you say the access situation needs to be dealt with. I gather from that that you agree with the proposition that we are going to have to come up with some system of allowing access for many of the millions who are allegedly denied access to the health care system now?

Mr. HECKERT. That's the idea.

Chairman SASSER. Based on your years as the successful head of one of the largest business concerns in this country, what would you recommend the government do about controlling health care costs? And let me ask as a corollary to that, what did business do or what did Du Pont do that you thought was the most effective thing in controlling health care costs, and would that be some sort of model that government might follow?

You indicated earlier that business could not handle the problem of containing health care costs, but business has had some degree of success——

Mr. HECKERT. A modest degree of success.

Chairman SASSER. Yes

Mr. HECKERT. The kinds of things that we did represent participation in the planning process for health care delivery in our various neighborhoods, making sure that the right number of hospital beds existed, not too many, not too few; talking to our doctor friends and others involved in health care delivery about the need to contain the growth in health care costs, lest we all become a cropper, but it was largely in the category of planning and cajoling. There are no direct ways of intervening in the purchase decisions when employees get health care providers deliver and companies pay. You know, that simply is not a closed loop.

Now, what I would visualize would be necessary when government decides what its response will be is that you are going to have to decide what the parameters are for access, you are going to have to decide what the basic health care is that government will support as a social safety net, you are going to have to decide whether it will be provided by the existing private network or whether you are going to supplement that with government facilities of one kind or another—I would hope not the latter, there are plenty of private facilities around—but then you are going to have to develop some control mechanisms that really limit your input, because it is a myth that the United States and individuals in the United States can afford any and all health care that they might desire. That is a myth.

Chairman SASSER. Well, let me just make a suggestion to you, Mr. Heckert. We have been asking you questions, but let me make a suggestion to you that you might take back to your colleagues at the NAM.

If business has an interest in controlling health care costs—and I am convinced that it does, from your testimony, which is compelling, and from my conversations with many other people in the business sector—I would hope that the business sector would weigh in and support those in the political environment who are trying to impose some sort of health care cost control on the health care sector of the economy.

I say that by way of remembering one skirmish we had some years ago on a hospital cost containment bill. I do not know about my colleague Senator Domenici, but I am still bearing the scars on my political body from trying to side with those who wanted to impose what we thought was a very modest hospital cost containment program at that time, and when we looked around for allies there was nobody there. We were sort of standing there all by ourselves with the health care community that had a vested interest in having no cost control imposed, and many of them genuinely believed that the health care cost containment legislation was counterproductive.

Mr. HECKERT. I understand that, and please remember—excuse me, Mr. Chairman, if I may intervene at this point.

Chairman SASSER. Go ahead.

Mr. HECKERT. Just to make sure we are communicating, I said that I placed more credence in a market system working than I do in the current system and that I hope if, in fact, we get a real market system in the private sector, that there will be enough back pressure so that we get some real help, without new laws and new regulations.

So, I am really saying that if the private sector were in fact a market system, where people paid for what they got, there would be a lot of back pressure on rising care costs that you do not have to impose. Now, for that part of the system that you assume responsibility for, whether it is medicaid or whatever, then you have a perfect right to say what you will pay for and what you will not pay for, and there you do not even need, in my view, the permission of the private sector to decide what the program is and what government's underwriting of it will be.

Chairman SASSER. Yes?

Ms. CANNER. Let me make a point. The NAM is on record supporting physician payment reform for medicare and we were very supportive of this concept, knowing that there would be some cost shifting to the private sector, where we felt in the long term that this would exert some market discipline. We are quite anxious to work with this committee and others in looking at other aspects and techniques that we could use in that direction.

Chairman SASSER. Thank you.

Thank you, Mr. Heckert.

Senator Domenici?

Senator DOMENICI. Mr. Heckert, first let me state for the record that, while I have a genuine interest in this issue, I could not be here for the earlier part of the hearing.

I am sure that, your statement that there are many aspects to America's war of competitiveness with the free industrial nations and others and that then you cannot pin our difficulties on one facet is technically correct.

However, I am convinced that, just looking at the competitiveness aspect, not access for a moment and not the quality of care, there is probably no single issue that is going to cause us more economic inefficiency vis-a-vis our competitors than health care cost. American business pays a substantial portion of the health care costs for their workers. Obviously, U.S. workers earn it, in the sense that they work for it, but, nonetheless, it has to be paid in addition to the take-home pay. It is just not possible, with the disparity in health costs just between America and Japan, that these costs are not a major problem. Japan pays 5.5 percent of their GNP for health care and we are up at 12 percent. One Japanese automobile has a couple hundred dollars worth of healthcare costs in it, and our automobiles have $500–$700 of health costs in them. I think that must reflect itself up and down in the productivity of American business, and that is just looking at one aspect of American life.

Frankly, I do not believe that we can continue on this way, without something giving. In fact, I believe health care costs will be the social problem of the decade. It will be down in the streets before long, because the issue of access is going to be there, together with the issue of labor unions and management and the issue of business going overseas.

Frankly, I am interested in your notion that we have to inject some marketplace qualities, if I understand you right, market qualities into this system. I am not at all sure, other than requiring deductibles or coinsurances—and you may be right, that maybe we ought to be looking at that. I do not see how this system is going to be market oriented, unless we totally undo what we have got and start over.

You mentioned an incident, somebody said why don't you go ahead and do it, du Pont pays for it. Let me tell you, that is not only on the side of the consumer, that mentality is on the side of the provider. There is no question. I was in Tucson for an unrelated visit. A young lady who was pregnant and a friend of our family came up and talked to me. Her remarks were absolutely incredible, Mr. Chairman.

There is a technique for regularly examining the status of the fetus. No bones about it, the office of the doctor said it is not needed, but it really is something sophisticated and they were prepared to recommend this every month. The lady said if it is not absolutely necessary, I do not want it done. The providers response was, if your insurance does not pay for it, we will tell you so you will not have to have it done any more.

That is just a little tiny example, it is rampant. Add to that—and I want to ask you a question on this—that when you are very old with relatives surrounding you, there is also a nonmarketplace concept that is tied to the emotion of grandma or mother or father being very old and very sick. Now, who wants to make the decision that you do not go any further with health care? Who wants to say let's shop around? That is not being done. As a consequence—and you know the facts better than I, how much of an American is total medical expense occur in the last 18 months of life. You probably know what percent is spent in the last 6 months. It is dramatic. What are we going to do about that? Who is going to be prepared to make those kinds of decisions for people?

Does your health pension plan for retirees, reflect an increased cost that is similar to that for working people, or more than that for working people?

Mr. HECKERT. Ellan, do you have any idea?

Senator DOMENICI. Are the trends similar or more steep for providing——

Ms. WHARTON. In terms of inflation, they are somewhat lower.

Mr. HECKERT. They are somewhat lower in the pension area. That is interesting.

Senator DOMENICI. Very interesting. What do you assume that comes from? It would seem like everything we would know, it would be higher, would it not?

Mr. HECKERT. Again, we are talking about annual increases, as opposed to the level of cost—excuse me, the benefits are somewhat lower.

Ms. WHARTON. The inflation rate in medical costs attributable to retirees is somewhat higher and I beg your pardon, Senator for the confusion. I thought the question was on the pension benefits, not the retiree medical benefits. During the last 5 years the compounded annual increase in medical costs for retirees was 15 percent as compared with 13 percent for active employees.

Mr. HECKERT. So the costs are actually increasing.

Senator DOMENICI. Well, you have the opportunity to provide the limitations on the pension plan. I was assuming if the benefits are similar to the working people for those who are not working, that the health cost increases would be higher for the retirees than the working.

Mr. HECKERT. That is correct, and we have taken some steps to reduce somewhat the level of care provided.

Senator DOMENICI. None of these systems that we have compared in terms of costs—Japan, Canada, the European countries, there is no homogeneity to them, some are totally public, some are a mix, all are cheaper, but none have tort liability as a means of establishing quality or level of service.

Do you believe that tort liability and everything that goes with it for the medical delivery system in this country is a significant contributor to costs, and, if so, do you believe we at the national level ought to modify that tort system for the medical delivery system?

Mr. HECKERT. That is a very welcome question. My wife happens to be a hospital board member and I get this lecture once a month, in spades. I understand when somebody is damaged by incompetent medical practice, that that individual has a right to having the cost of that incident taken care of by the system, but I will tell you flat out, I do not understand pain and suffering. I never have and I never will, and it is the basis of some of the most ridiculous judgments that have come out of our legal system. I just think it is a ripoff. There is no question that every doctor in the country is scared to death of it. Some of the insurance fees are absolutely unbelievable.

I keep asking myself, if I had the terrible misfortune of losing a grandchild because of a medical malpractice, would I accept $1 million or $5 million for that child's life and feel that I had been vindicated—not vindicated, but compensated. The answer, of course, is no. The only thing that would give me some comfort in an exercise like that would be if that doctor never practiced again, period, and I would shift the system entirely from one of financial settlements, which somehow seems to be the bomb of society today, to one of you have to be competent to practice, and if you are not competent we do not need you.

Senator DOMENICI. Well, the liability system we have got now is very gray because we are using a tort system, the threat of a jury and the like. I wonder, if we were to substantially modify it, whether we would get any significant savings in the system and, if so, when. I am of the opinion that it would take a while for the savings to be relected in the system. Also, let me put myself on record here—I do not believe that the tort system is having a significant impact on medical competency. I believe it is missing much of the negligence, for starters, and I believe we are not getting rid of incompetent doctors through that mechanism.

Mr. HECKERT. I could not agree more. I would submit, if you are going to revisit this subject, do not overlook all the other areas that are negatively impacted by our tort laws. This country is a disgrace in that regard.

Senator DOMENICI. Well, we do not want to bite off more than we can chew. We understand the product liability issue is an enormous one and——

Chairman SASSER. You bit it off, Senator. [Laughter.]

Senator DOMENICI. I am not at all embarrassed to take this one on. I never have received so much applause from people when I talk as when I say we ought to reform this system and do away with it. I have not heard from the lawyers yet, but——

Chairman SASSER. But you will.

Mr. HECKERT. You will.

Senator DOMENICI. I always start off by saying we have got too many of them, anyway, and so they start being angry. [Laughter.]

Let me just see if I understand you correctly. You are saying we ought to look at that part of the system that we pay for, for instance, medicaid. If we are going to increase access, we have got to find some way to—I am paraphrasing you—to build some efficiency into that system, if we can. So, where you have a clinic that is delivering services to our poor, they do not take advantage of them and charge $50 for clipping toenails and call the guy an expert in structure of the foot and we pay for it and that kind of thing. Is that what you are talking about, but even more so?

Mr. **Heckert**. Right on.

Senator **Domenici**. Mr. Chairman, I think you did a service in calling this hearing. I do not know what this committee can do about it, but we will be confronted with medicare and we will be confronted with medicaid, in terms of costs, but eventually somebody has got to get a very big set of arms around this issue and do some real changing.

Thank you very much.

Chairman **Sasser**. Thank you very much, Senator Domenici.

Thank you, Mr. Heckert, for appearing here and giving us the benefit, not only of your views but also of the NAM.

This is one of the most extraordinarily complex issues that we face. I frankly do not know of any individual in my view who is wise enough to give us the answer to this very, very complex question. I agree with my colleague Senator Domenici, I think this is going to be the most compelling debate probably of the decade of the 1990's, what is to be done about trying to deliver an affordable and efficient quality health care program to the American people.

I will be frank to say at this juncture that I do not know how to do it and I do not know of anybody else who does, but we are going to continue to try to gather intelligence, gather opinions and at least educate ourselves along the way. You have been very helpful in that regard, Mr. Heckert, and we appreciate it.

Thank you.

Mr. **Heckert**. Thank you, Mr. Chairman.

Chairman **Sasser**. Thank you very much.

The committee is adjourned.

[Whereupon, at 12:35 p.m., the committee was adjourned.]

THE NATIONAL
LEADERSHIP
COMMISSION ON
HEALTH CARE

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Washington, D.C. 20004
(202) 637-6830

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February 1, 1990

Senator Jim Sasser
Chairman
Committee on the Budget
621 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Sasser:

It has been six months since I first met with you and Kathy Deignan to describe the findings and recommendations of the National Leadership Commission on Health Care. Much has happened since that time which I would like to share with you since I feel you may find it supportive of your own efforts in the Budget Committee.

We are sympathetic to the difficulties you face in designing a budget and deficit reduction strategy that will at the same time promote growth, savings, and capital formation. We share your concern for the deficit and have concluded that the deficit, high health care costs, and the competitiveness of America's goods and services are interrelated issues. It will be difficult to control the deficit without control of health care costs. Rising health care costs are having a major negative impact on government and the private sector. In fact, in no other area are government and the private sector interests and concerns more closely intertwined than in health care.

We are convinced that the problems facing our health care system are serious and systemic and will not be resolved without a long-term, comprehensive strategy, involving both government and the private sector. The lessons of the past suggest that if either party attempts to act alone, costs and problems are often merely shifted to the detriment of all. We believe the times now require a new and unprecedented public/private partnership, committed to implementing the structural reforms necessary to assure universal access to necessary health services, improve the quality, efficiency, and value of health care, contain costs, and provide relief in the malpractice area, at the same time safeguarding as much as possible the American system of pluralism, freedom of choice and competition.

To us, the most encouraging change of the past year is the growing recognition by virtually all the major participants of the systemic nature of our problems, and the need for system reform along the lines we and others have proposed. Clearly, this reform will be difficult to accomplish, but we are convinced that there are major forces now prepared to move this process forward.

Our Commission has defined the issues and developed key principles and a framework for comprehensive reform. Although we recognize our proposal warrants further study, debate, possible modification and enhancement, its general approach and broad outlines have already attracted the support of many of the key groups necessary to effect change, and the support continues to grow. We believe there is now an opportunity to create a broad and powerful coalition to build from this base and, working with government at the federal and state level, develop a workable strategy and the enabling legislation which may be necessary.

Many key groups now agree on the need to continue our efforts toward this goal. This has led to the creation of the National Leadership Coalition for Health Care Reform. This effor is an extension of our earlier work, with an even broader group of industry, labor, consumer, and other key organizations, all dedicated to working on a comprehensive solution. We believe our coalition has the potential to become one of the most effective groups yet formed to work with government in meeting the critical health care issues which face us all.

Each of the initial coalition members is committed to enlisting their peers in order to expand and strengthen our group. Because of this, we are confident our support will rapidly grow stronger. We have enclosed material describing our coalition's purpose, agenda, and membership. We would welcome your reaction and suggestions.

We recognize the difficulty government always faces in dealing with the diverse elements of a nation such as ours. We are dedicated to help bring government and the private sector together around this task. We look forward to an early opportunity for business and other leaders from the new coalition to join us for a discussion with you and members of the Budget Committee on how this might be most effectively and expeditiously accomplished.

Sincerely,

Henry E. Simmons

Henry E. Simmons, M.D., M.P.H.
President

Enclosures

NATIONAL LEADERSHIP COALITION FOR HEALTH CARE REFORM

STATEMENT IN SUPPORT OF A COMPREHENSIVE PUBLIC-PRIVATE APPROACH IN ADDRESSING THE PROBLEMS IN OUR HEALTH CARE SYSTEM

America's health care system is in crisis. Costs are out of control, millions of Americans face difficulty gaining access to needed care, there is a malpractice crisis, and there are serious problems in the quality and appropriateness of much of the medical care being rendered. These problems are interrelated, systemic, and growing worse. It seems clear that they cannot be solved without a long-term, comprehensive strategy. Awareness of these problems has led to a strong shift in public attitudes to broad dissatisfaction with our health care system.

The rate of health care cost escalation is of major concern to both government and the private sector. Government is concerned because it is increasingly clear that the federal deficit and rising health care costs are inextricably intertwined. Business and labor are concerned because rising health care costs are now considered a major threat to industry's economic viability, its ability to compete and to provide jobs. The American people are concerned because more and more of the costs are borne directly by individuals, and there is no end in sight.

A systemic problem of this magnitude cannot be solved with a piecemeal strategy. Nor can it be solved by any one segment of society, including government alone. We all share some of the blame for this complex societal problem and, therefore, we share the responsibility for resolving the problem. Costs must be contained, quality and access must be assured, the malpractice problem must be resolved, and, to the extent possible, the American system of freedom of choice, pluralism and competition must be preserved. But this will not be possible without comprehensive, long-term structural reforms. Such reforms will require creation of a new public-private partnership and a coordinated effort of business, labor, government, providers, insurers, and consumers. Otherwise, costs and problems will only be shifted, and our situation will grow more severe, to the detriment of all.

The growing seriousness of the problems and public concerns have combined to create a new opportunity and need for effecting major change in our health care system. There is now a clear and compelling case for comprehensive reform.

The National Leadership Commission on Health Care has come to a similar conclusion and has developed key principles and a framework for comprehensive reform. Although this proposal warrants further study and possible enhancement, its general approach and broad outlines have already attracted the support of many of the key groups necessary to effect change. We believe there is now an opportunity to create a broad coalition to build from this base and strengthen the proposal, particularly in the areas of cost containment, quality improvement, method of financing, administration, and implementation strategy.

Recognizing the need to combine our efforts with others of like mind who are striving to create a workable strategy, we the undersigned join together to create the National Leadership Coalition for Health Care Reform. The purpose of our Coalition will be to work for comprehensive restructuring of the nation's health care system to improve quality, to achieve universal access, to contain costs and to enhance competition. We are convinced that these problems and their solutions are interconnected. It is time to bring government and the private sector together to work for comprehensive and systemic change. We seek and welcome others who wish to join us in this effort.

COALITION ACTION PLAN

1. Acknowledge the nature and severity of the problems and the need for systemic, not piecemeal, reform through a public-private partnership.
2. Agree that:
    a. The deficit, high health costs, and competitiveness of American goods and services are interrelated.
    b. Government and the private sector are both adversely affected by rising costs.
    c. Cost shifting between government and the private sector won't solve the problem, so both sectors must work together.
    d. Costs must be contained over both the short and long term, with long term cost effectiveness as the goal.
    e. Quality, efficiency, and effectiveness must be improved.
    f. Technology must be evaluated and guidelines for deployment and use established.
    g. Access to cost effective care must be assured for all.
    h. The malpractice problems must be resolved, while safeguarding the rights of patients and providers.
    i. To the extent possible, freedom of choice should be fostered and market forces strengthened.
    j. We should build on the strengths in the American system.
3. Create a broad coalition/constituency for systemic reform of the health care system.
4. Acknowledge the need for substantive revisions of current reform proposal(s) to be fully responsive to the problems. Revisions should include integrated cost control, administrative simplification, universal access, quality control, systems improvements in appropriateness and effectiveness, new financing systems, and malpractice reform implementation.
5. Educate key constituencies about the problems and seek solutions that will address public and private concerns.
6. Work with leaders in government and the private sector to agree on a comprehensive solution -- the Commission's plan or a revision of it.
7. Decide on an implementation strategy and timetable.
8. Work for the passage of enabling legislation.
9. Implement the agreed-upon strategy and proposal.

NATIONAL LEADERSHIP COALITION FOR HEALTH CARE REFORM

AT&T

American Association of Retired Persons

American College of Physicians

American Federation of Teachers

Association of Academic Health Centers

Bell Atlantic

BellSouth

Bethlehem Steel

Communications Workers of America

DuPont

Equifax

Ford Motor Company

International Union of Electrical Workers

Eastman Kodak

Marriott Corporation

Meredith Corporation

National Association of Manufacturers

National Leadership Commission on Health Care

Northwest Airlines

Pacific Telesis

Pioneer Seed

Rubbermaid

Service Employees International Union

3M

United Steelworkers of America

W.R.Grace & Co.

Westinghouse

VIEWS OF THE DIRECTOR OF THE OFFICE OF NATIONAL DRUG CONTROL POLICY

FRIDAY, FEBRUARY 9, 1990

U.S. Senate,
Committee on the Budget,
Washington, DC.

The committee met, pursuant to notice, at 10:04 a.m., in room SD-608, Dirksen Senate Office Building, Hon. Jim Sasser (chairman of the committee) presiding.

Present: Senators Sasser, Riegle, Sanford, Robb, Domenici, Gramm, and Bond.

Staff present: John L. Hilley, staff director; John Callahan, deputy staff director; and Sarah Ducich, senior analyst for education and administration of justice.

For the minority: G. William Hoagland, staff director; and Bill Hughes, senior analyst for transportation and science.

OPENING STATEMENT OF CHAIRMAN SASSER

Chairman Sasser. The committee will come to order.

Today, the Senate Budget Committee is pleased to hear the testimony of Mr. William J. Bennett, the leader in this administration of the war against drugs, and we welcome you, Mr. Bennett, before the committee this morning.

The battle against illicit drugs is certainly at the top of our national agenda.

The administration has requested $10.6 billion in the war against drugs this year, and that is an increase of about $1.1 billion over last year's funding. Frankly, that is nearly double the amount that we spent in 1989 to deal with the problem of illicit drugs.

If you look at the decade of the 1980s, Federal spending in the effort to combat the problem of drugs has gone up very dramatically. If you draw a line on a graph, it increases steadily, and it goes up rather precipitously in some years.

That $10.6 billion is a lot of money, but the illicit drug industry is itself involved in enormous amounts of money. It represents a $150 billion tidal wave. But despite our stepped-up rate of funding, it seems to many that our funding levels are still inadequate.

That doesn't mean that we have to despair, only that we have got to make very effective use of the limited resources that we have applied to the problem.

Now, some are concerned—and I share their concern—that we may not be doing that. I worry that we are underfunding and undersupplying the antidrug efforts at the local level.

For example just 2 weeks ago, we held meetings all across my State with local and State officials. They were chagrined and frustrated that they weren't getting what they had been led to believe that they would get from the Federal level by way of assistance in their efforts to deal with the drug problem.

I think we will all agree that international programs and interdiction efforts both have a place in our national drug strategy. But these policies cannot be pursued by shortchanging funding for the frontline soldiers against drugs: our local law enforcement officers, our local drug treatment workers, and our local drug education programs.

Yes; the current drug control budget does increase direct assistance to the grassroots level by $300 million. But we have to realize that this increase is accompanied by a $2.2 billion decrease in other forms of assistance to State and local governments. This decrease comes in Federal programs assisting State and local governments across the board. It also comes at a most inopportune time because we read that State governments are in a crunch now with regard to raising revenues as a result of a declining economy in the Northeast. This crunch has now spread into the Southeast and is affecting my own State of Tennessee, where we have the problem of revenue shortfalls for State government. And I think this situtation is reflected now in almost all States except perhaps the far Western States and some other States in the west.

So the accusation can be made that the President's budget gives with one hand, but it takes away with the other hand, and it takes away in larger amounts.

As I said, in interviews with officials in my State at the State and local level, it appears to many that the foot soldiers in the war against drugs are growing a little weary. They are feeling that our national drug control strategy is sort of a trickle-down drug control policy. They see billions for international aid and interdiction, but only a few dollars for local law enforcement efforts and for drug treatment efforts.

The coca farmer in Bolivia or our Federal civil servants here in Washington dealing with the problem may be seeing a difference in the war against drugs, but not necessarily the police officer on the beat in Nashville, TN, or the drug treatment worker in Chicago, IL.

Everyone here today, I suspect, including our principal witness, Mr. Bennett, knows that the war against drugs is far from over.

Drug-related crime is still devastating our major cities, and we have only to go two or three blocks from this Capitol to see that occurring. The rural areas continue to have a crisis in dealing with drug gangs, and a waiting time of 3 months or more for drug treatment is not uncommon.

So we must guard against spending billions of dollars to beef up Federal agencies, in my judgment, while local law enforcement, education, and treatment programs receive what they perceive to be only token funding. That is not the way we ought to be fighting the war against drugs.

Before turning to our distinguished major witness this morning, Mr. Bennett, we will hear from Senator Domenici, the ranking member of our committee. Senator Domenici.

OPENING STATEMENT OF SENATOR DOMENICI

Senator DOMENICI. Thank you, Mr. Chairman.

Secretary Bennett, it is good to have you before the committee again. It is my privilege to have had an opportunity to discuss some aspects of your program in the Appropriations Committee within the last couple of days. I surmise that since we have spread anti-drug programs over a number of committees, I assume you are spending most of your time these days testifying. Everyone is interested in the drug issue, and everyone has a little bit of the action.

My distinguished chairman has indicated that we ought to be spending more at the local level. I submit that we are spending more at the national level, and much of it is going to the local level. But I think to win the war, we have got to spend more and they have got to spend more. And I don't see any way out of that.

If you look at where our efforts are, according to the latest statistics that I have, the Federal Government accounts for only about 13 percent of the Nation's criminal justice expenditures—our police, our judicial system, and our correctional programs. So that means 87 percent of the activity is local, and that takes into account the increased level that we have at the national level.

State, local, and private efforts also play a dominant role in treatment programs. A study of expenditures for drug and alcohol abuse in 1988—we don't have anything later—found that Federal resources accounted for about 23 percent of the total. Obviously, we all have to do more, and I think a review of your budget will indicate that over the last year, this year, and for fiscal 1991 we are doing more—in fact, substantially more. I know of no domestic program that has increased more in the last 2½ years.

Now, obviously, when you have a war, you have to do what you have to do. And in this one, we probably cannot spend enough resources in the early years, cannot spend as much as problem demands. But we are doing pretty well.

I think one of your big challenges, Mr. Secretary, is at the Federal level to encourage all levels of government to work together and thus make their resources more effective. I urge you in your role as drug czar and the coordinator of our national policy, to take a hard look and make recommendations on how the Federal Government can use its State and local grants to improve cooperation and coordination and effectiveness at the local level. I believe that is a giant stick and an effective way to get a better job done by all.

Nearly 25 percent of the Federal antidrug budget goes out in the State and local grant programs, and we need to examine ways and means that that assistance can be used more effectively to support innovative programs. I do not mean only innovative programs in the criminal justice area, but innovative programs in the treatment area. I know I sound like a broken record, but I contend that we ought to use institutions that are out there—use our schools where we can—and not reinvent the wheel. Innovative programs by schools ought to be encouraged by you and the Department of Education so they can wage a war on drugs within the educational system.

You have a tough job. We have made it tough because we have many, many pinnacles to our program. But I believe you are doing your very best, and I think we are gaining. I would appreciate your assessment early on in your testimony as to whether we are winning this war or not. And I would also appreciate your evaluation of where you think we are most efficient and ought to do more, not as a Federal Government budget but as a Nation.

Thank you very much.

Chairman **Sasser**. Thank you, Senator Domenici.

We will turn now to Mr. Bennett for his testimony.

STATEMENT OF HON. WILLIAM J. BENNETT, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY, ACCOMPANIED BY BRUCE CARNES, BUDGET DIRECTOR, AND JOHN WALTERS, CHIEF OF STAFF

Mr. **Bennett**. Thank you, Mr. Chairman, Senators.

When I took up my duties about a year ago, Mr. Chairman, I said that although America had to win this war, it was by no means certain that we would win it. My view has changed.

The war is by no means over, but it is clearly winnable, and the momentum is beginning to shift our way. Indeed, while there is still too much bad news, there are scattered but clear signs that we are beginning to win, the scourge is beginning to pass. If we keep up our efforts, we are going to win.

There is something else as well. A year ago, if you had asked for a comprehensive picture of national drug policy, you had to go to 30 different agencies. Not any more. The President has encouraged and supported me as I have worked to fashion the efforts of thousands of dedicated people into a complementary and comprehensive whole. Mostly, our decisions have been easily reached, but when we failed to agree, the President has stepped forward and made the tough calls.

Not only are we working more smoothly internally, but—occasional misunderstandings notwithstanding—we have now found more common ground with more foreign nations than ever before. And we trust more common ground with foreign nations will be achieved next week, particularly.

And we are putting money behind all this. This is very serious money. This is very substantial money. If the Congress enacts this strategy as is, total Federal spending on antidrug efforts will have increased by 69 percent since George Bush took office 1 year and 13 days ago. For fiscal year 1991, the President is seeking $10.6 billion in drug-related budget authority—a $1.1 billion, 12 percent, increase over fiscal year 1990. And I might mention, Mr. Chairman, since you raised it, a 109-percent increase to State and local governments for their support.

I would put in the record a chart showing Federal funding for State grant antidrug efforts fueled by $2.3 billion. It is a summary of fiscal year 1990 funding, a State-by-State look at drug money, noting here in Tennessee the increase in funding to the State of Tennessee in fiscal year 1990 is 110 percent. Now, that is a substantial amount of money. It is about an 84 percent increase overall.

[The chart of Mr. Bennett follows:]

23-Feb-90

DRUG CONTROL GRANT PROGRAMS TO STATES

$ Millions

	EDUCATION			BJA			ADAMHA			TOTAL			Percent Change
	FY 89	FY 90	FY 91	FY 89	FY 90	FY91*	FY 89	FY 90	FY 91	FY 89	FY 90	FY 91	89-91
Alabama	$4.9	$8.2	$8.7	$2.0	$6.6	$7.3	$3.2	$6.0	$7.3	$10.2	$20.8	$23.4	129.8%
Alaska	1.4	2.2	2.4	0.7	1.7	1.9	1.2	1.2	1.4	3.3	5.1	5.7	70.8%
Arizona	3.8	6.1	6.4	1.8	5.8	6.4	4.1	6.7	8.1	9.7	18.6	20.9	115.8%
Arkansas	2.9	4.7	5.0	1.4	4.3	4.7	1.7	2.4	3.0	5.9	11.4	12.8	115.0%
California	30.0	48.7	51.1	10.8	39.7	44.2	33.9	60.4	70.9	74.7	148.8	166.2	122.5%
Colorado	3.6	5.6	5.8	1.7	5.5	6.1	3.8	6.5	7.8	9.2	17.6	19.7	114.5%
Connecticut	3.3	5.1	5.4	1.7	5.4	6.0	4.1	6.7	7.9	9.1	17.3	19.3	113.5%
District of Columbia	1.4	2.2	2.4	0.7	1.8	2.0	1.7	2.3	2.7	3.8	6.3	7.1	86.0%
Delaware	1.4	2.2	2.4	0.7	1.9	2.1	1.0	1.5	1.7	3.2	5.6	6.2	95.1%
Florida	11.4	18.8	19.8	5.0	17.8	19.9	12.3	22.6	27.1	28.6	59.3	66.8	133.1%
Georgia	7.6	12.5	13.1	2.8	9.7	10.8	4.4	8.4	10.2	14.8	30.6	34.1	131.2%
Hawaii	1.4	2.3	2.4	0.9	2.5	2.8	1.3	2.2	2.6	3.6	7.0	7.8	116.3%
Idaho	1.4	2.3	2.4	0.9	2.4	2.6	0.9	1.0	1.2	3.2	5.7	6.3	95.4%
Illinois	13.0	20.8	21.9	4.8	16.9	18.8	11.1	22.1	26.4	29.0	59.8	67.1	131.5%
Indiana	6.5	9.9	10.2	2.6	8.6	9.6	3.6	7.2	9.4	12.6	25.7	29.2	131.7%
Iowa	3.2	4.9	5.1	1.6	4.9	5.4	2.4	3.9	4.5	7.2	13.6	14.9	108.9%
Kansas	2.7	4.2	4.4	1.4	4.4	4.9	1.8	2.8	3.4	5.9	11.4	12.6	113.0%
Kentucky	4.4	7.2	7.6	1.9	6.1	6.8	3.0	5.2	6.1	9.3	18.5	20.5	119.4%
Louisiana	5.6	9.2	9.8	2.2	7.0	7.8	4.7	7.8	9.1	12.4	24.1	26.7	114.8%
Maine	1.4	2.3	2.4	0.9	2.6	2.9	1.4	1.4	1.8	3.8	6.3	7.1	88.0%
Maryland	4.8	7.7	8.1	2.2	7.3	8.1	5.8	10.4	12.0	12.7	25.4	28.2	121.8%
Massachusetts	5.7	9.3	9.8	2.7	9.0	10.1	7.4	12.7	15.3	15.8	31.0	35.2	123.1%
Michigan	10.8	17.2	18.1	3.9	13.6	15.2	11.1	19.1	22.3	25.8	49.9	55.6	115.7%
Minnesota	$4.7	$7.4	$7.6	$2.1	$6.9	$7.7	$4.0	$7.0	$8.1	$10.8	$21.2	$23.4	117.5%

* BJA allocations will be revised, based on latest State population estimates at time of FY 1991 appropriations.

23-Feb-90

DRUG CONTROL GRANT PROGRAMS TO STATES

$ Millions

	EDUCATION			BJA			ADAMHA			TOTAL			Percent Change
	FY 89	FY 90	FY 91	FY 89	FY 90	FY91*	FY 89	FY 90	FY 91	FY 89	FY 90	FY 91	89-91
Mississippi	$3.5	$6.1	$6.5	$1.5	$4.6	$5.1	$1.7	$2.3	$2.9	$6.7	$12.9	$14.5	116.7%
Missouri	5.6	8.9	9.3	2.4	8.0	8.9	4.3	8.0	9.6	12.4	24.9	27.8	124.9%
Montana	1.4	2.2	2.4	0.8	2.1	2.3	1.0	1.0	1.2	3.2	5.3	5.9	85.2%
Nebraska	1.8	2.8	2.9	1.1	3.2	3.5	1.4	2.2	2.6	4.3	8.2	9.0	108.9%
Nevada	1.4	2.3	2.4	0.9	2.4	2.7	1.3	2.1	2.5	3.6	6.7	7.6	111.7%
New Hampshire	1.4	2.3	2.4	0.9	2.5	2.8	1.0	1.0	1.3	3.3	5.7	6.5	96.6%
New Jersey	7.9	13.0	13.7	3.4	11.5	12.8	9.7	17.1	20.5	21.0	41.6	47.1	124.4%
New Mexico	1.9	3.1	3.3	1.1	3.0	3.4	2.0	2.1	2.6	4.9	8.2	9.3	87.5%
New York	18.7	32.6	35.1	7.1	25.5	28.4	27.9	44.2	51.6	53.7	102.3	115.1	114.4%
North Carolina	7.1	11.4	11.9	2.9	9.9	11.0	4.2	7.7	9.3	14.3	28.9	32.2	125.8%
North Dakota	1.4	2.2	2.4	0.8	1.9	2.1	0.7	0.8	0.9	2.9	4.9	5.4	90.5%
Ohio	12.4	19.2	20.0	4.5	15.8	17.6	9.2	18.1	22.1	26.1	53.1	59.7	128.8%
Oklahoma	3.8	5.9	6.1	1.7	5.4	6.0	2.1	3.9	4.9	7.6	15.2	17.0	122.9%
Oregon	3.0	4.6	4.8	1.5	4.8	5.3	2.9	4.8	5.7	7.4	14.2	15.9	113.6%
Pennsylvania	12.4	20.2	21.3	4.9	17.4	19.4	12.5	22.2	26.6	29.8	59.8	67.3	125.7%
Rhode Island	1.4	2.2	2.4	0.9	2.3	2.6	1.6	2.4	3.0	3.9	7.0	8.0	107.2%
South Carolina	4.1	6.7	7.1	1.8	5.7	6.4	2.5	4.6	5.6	8.4	17.1	19.1	127.4%
South Dakota	1.4	2.2	2.4	0.8	2.0	2.2	0.9	0.9	1.2	3.1	5.1	5.8	85.3%
Tennessee	5.5	9.0	9.5	2.3	7.7	8.5	3.3	6.7	8.1	11.1	23.3	26.1	134.7%
Texas	20.9	33.2	34.7	6.7	24.0	26.7	15.1	27.9	32.9	42.8	85.1	94.3	120.5%
Utah	2.7	4.0	4.1	1.1	3.3	3.7	2.0	3.4	4.1	5.8	10.7	11.8	104.1%
Vermont	1.4	2.2	2.4	0.7	1.7	1.9	1.0	1.0	1.2	3.1	4.9	5.6	81.0%
Virgina	6.2	9.9	10.4	2.7	9.2	10.3	5.5	10.1	11.9	14.4	29.2	32.5	125.6%
Washington	$5.0	$7.7	$8.0	$2.2	$7.3	$8.2	$4.7	$8.4	$10.0	$11.8	$23.5	$26.2	121.8%

* BJA allocations will be revised, based on latest State population estimates at time of FY 1991 appropriations.

23-Feb-90

DRUG CONTROL GRANT PROGRAMS TO STATES

$ Millions

	EDUCATION			BJA			ADAMHA			TOTAL			Percent Change
	FY 89	FY 90	FY 91	FY 89	FY 90	FY91*	FY 89	FY 90	FY 91	FY 89	FY 90	FY 91	89-91
West Virginia	$2.2	$3.6	$3.9	$1.2	$3.6	$4.0	$1.7	$1.7	$2.1	$5.1	$8.9	$10.0	95.2%
Wisconsin	5.5	8.5	8.9	2.3	7.6	8.5	5.0	8.6	9.9	12.8	24.7	27.3	113.2%
Wyoming	1.4	2.2	2.4	0.7	1.6	1.8	0.5	0.5	0.6	2.6	4.3	4.8	84.9%
Puerto Rico	5.3	9.8	10.6	1.7	5.5	6.1	3.3	5.9	7.0	10.4	21.1	23.7	128.8%
Virgin Islands	1.3	1.4	1.5	0.5	1.1	1.3	0.2	0.3	0.4	2.1	2.7	3.1	50.4%
Guam	1.3	1.3	1.5	0.3	1.2	1.3	0.2	0.2	0.2	1.7	2.7	3.0	74.1%
Other Insular Areas	0.9	0.9	1.0	0.3	1.1	1.2	0.2	0.4	0.5	1.4	2.4	2.7	95.1%
Total Block Grants	$287.8	$462.6	$487.6	$118.8	$395.1	$440.0	$259.4	$447.8	$533.2	$666.0	$1,305.5	$1,460.9	119.3%
Funds from Other Programs a/										$587.1	$1,002.7	$1,157.3	97.1%
Total Available										$1,253.2	$2,308.2	$2,618.2	108.9%
Additional Resources b/											$304.2	$361.8	

a/ Includes funding for discretionary grants administered by the Alcohol, Drug Abuse and Mental Health Administration (ADAMHA), the Indian Health Service, the Office of Human Development Services, the Health Care Financing Administration, the Department of Education, HUD, the Department of Labor, and the Bureau of Justice Assistance.

b/ Includes Forfeiture Funds and other assistance (District of Columbia Initiative, Justice/Treasury/HUD/Interior law enforcement assistance, and Department of Transportation programs.

* BJA allocations will be revised, based on latest State population estimates at time of FY 1991 appropriations.

Mr. BENNETT. Perhaps, however, the most important progress is in an area more difficult to quantify, and that is the attitude of our citizens. But it is very real. I have been there, and I have seen it. In the past 4 months, I have visited more than 37 cities and towns around America, cities and towns represented by every Senator here this morning. And we have seen that Americans are growing increasingly intolerant of drugs. They will not tolerate them at home, at work, or in their neighborhoods. They are banding together with their neighbors, and, with the police, they are standing up to the drug dealers, they are telling them to move on. We have seen it in Kansas City, and we have seen it in Dallas and Houston. We have seen it in Albuquerque. I saw it recently in Memphis. I saw it yesterday in Raleigh and Durham, NC, and we have seen it all over this country.

A year ago, I think the general mood was one of despair, and many people were talking about surrender. Now, surrender is talked about largely at cocktail parties. Surrender is not talked about in the streets of America. There we seem to recall the phrase of the Washington Post excellent series that is running this week and last, "Fighting Back." We see citizens fighting back and regaining some of these streets. I would be glad to tell you about my very encouraging visit to Memphis where we met with many of your brave constituents in the public housing projects and in various settings who are certainly doing their job.

The line has been drawn. We believe there is a long way to go, but we also believe that the worst is over. We aren't there yet. In some places we are years away, but we know where we are going and we know how to get there. There is a plan, there is a strategy. General outlines and principles have been agreed to by most in Congress, and we are very pleased about that.

Our second strategy elaborates and builds upon the first. Let me just mention several new initiatives in this strategy which I would like to highlight. In the criminal justice system, which continues to be a very critical part of the effort, we will seek to expand the resources of Federal agencies such as the Drug Enforcement Administration. That organization conducts investigations to disrupt and dismantle the drug trafficking organizations. We will seek to broaden the death penalty for certain drug crimes, not simply to deter other drug criminals, but to administer just and deserved punishment upon those who are wreaking havoc upon our society. We will seek funding increases and launch several new initiatives in treatment, prevention, and education. We will create a National Drug Intelligence Center within the Department of Justice to provide a comprehensive intelligence picture. Finally, we will seek to strengthen the efforts of courageous leaders like President Barco through a major increase in our assistance to the Andean nations.

Nothing we have learned in the last 12 months has led us to change our view that anything less than a comprehensive effort is required. As we said last September, there is no "magic bullet," no one simple solution. We must continue to press on all fronts. If we do, we will continue to see real progress in a war that just 12 months ago was seen as unwinnable.

The American people's intolerance, Mr. Chairman, for this problem had solidified several years ago. It appears that our Nation's leaders have caught up with the American people. They are fed up, absolutely intolerant of drug use, and now we are finally beginning to see some public policies which match that impatience of the American people. They are there. We are in the process of getting to where the American people are.

Thank you very much.

Chairman SASSER. Well, thank you, Mr. Bennett.

[The prepared statement of Mr. Bennett follows:]

STATEMENT BY WILLIAM J. BENNETT

Ladies and gentlemen, when I took up my duties just about a year ago, I said that although America had to win this war, it was by no means certain that we would win it. My view has changed.

The war is by no means over, but it is clearly winnable and the momentum is shifting our way. Indeed, while there is still too much bad news, there are scattered but clear signs that we are beginning to win, the scourge is beginning to pass. If we keep up our efforts, we are going to win.

We are making progress every day: Drug use is down, drug arrests are up, drug seizures are up, seizures of traffickers' and dealers' assets are up.

There is something else as well. A year ago, if you had asked for a comprehensive picture of national drug policy, you had to go to over 30 different agencies. Not anymore. The President has encouraged and supported me as I have worked to fashion the efforts of thousands of dedicated people into a complementary and comprehensive whole. Mostly, our decisions have been easily reached, but when we failed to agree, the President has stepped forward to make the tough calls.

Not only are we working more smoothly internally, but -- occasional misunderstandings notwithstanding -- we have now found more common ground with more foreign nations than ever before.

And we're putting money behind all this. If the Congress enacts this Strategy as is, total Federal spending on anti-drug efforts will have increased by 69 percent since President Bush took office one year and thirteen days ago. For FY 1991 the President is seeking $10.6 billion in drug-related budget authority, -- a $1.1 billion (12%) increase over FY 1990.

Actual spending -- budget outlays -- for FY 1991 will increase by $2.8 billion (41%) over FY 1990.

Perhaps the most important progress is in an area more difficult to quantify -- the attitudes of our citizens. But it is real -- I have been there and I have seen it. In the past four months I have visited more than 35 cities and towns and I can assure you that all across the country Americans are saying that they will no longer tolerate the use of illegal drugs -- not at home, not at work, not in their neighborhoods. They are banding together with their neighbors and, working with the police, they are standing up to the dealers and users and telling them to move on. Attitudes are hardest and, consequently, progress is most impressive in some of the toughest places: in North Tulsa and South Dallas, in South Seattle and in scores of cities across the country. These neighborhoods are the front line in the drug war, and I can tell you that it is these neighborhoods which are no longer giving up ground to the enemy. The line has been drawn; the worst is over. We aren't there yet; in some places we are years away, but we know where we're going and we know how to get there.

The President's second National Drug Control Strategy elaborates and builds upon the philosophy set forth in the first. We will educate and dissuade our citizens away from using drugs; we will get more drug addicts into more effective treatment programs; we will reduce the supply and availability of drugs on our streets and dismantle the trafficking organizations through tough law enforcement and interdiction measures; and we will strengthen the efforts of source countries to stem violence and economic dislocation caused by the international drug trade.

There are several new initiatives in this Strategy which I would like to highlight. In the criminal justice system, we will seek to expand the resources of Federal agencies, such as the Drug Enforcement Administration, who conduct investigations to disrupt and dismantle drug trafficking organizations. We will seek to broaden the death penalty for certain drug crimes, not simply to deter other drug criminals but to administer just punishment upon those who are wreaking havoc upon our society. We will seek funding increases and launch several new initiatives in treatment, prevention and education. We will create a National Drug

Intelligence Center within the Department of Justice to provide a comprehensive intelligence picture of the drug trafficking organizations. Finally, we will seek to strengthen the efforts of courageous leaders like President Barco in Colombia through a $206 million increase in our assistance to the Andean nations.

Nothing we have learned in the last twelve months has led us to change our view that a comprehensive effort putting pressure on every point of the spectrum is required. As we said last September, there is no "magic bullet," no one simple solution to the drug problem. We must continue to press on all fronts. If we do, we will continue to see real progress in a war that just twelve months ago was seen as unwinnable.

Mr. Chairman, the American people's intolerance for this problem had solidified several years ago -- it appears that our Nation's leaders have finally caught up with them. To paraphrase the President's remarks from his State of the Union address, we're not here to bicker; we're here to get the job done. Let's have our talk and then get back to work.

Chairman SASSER. We have all read news accounts of your efforts to increase funding for the war on drugs and some reports suggest that the Office of Management and Budget cut your budget request by half. My question is: Are the lower funding levels that are requested in the President's budget, are they enough to support a successful effort on your part to meet your strategy goals?

Mr. BENNETT. Yes, sir. The budget that we proposed we think is, as I said, substantial, and we think we will meet the goals. Remember that the National Drug Control Strategy,[1] unlike a lot of Government documents, comes with a guarantee. It comes with a warranty. We say that if we do the things that we cite in here and spend the money that we proposed, we will reach those goals that we have set. So we are satisfied.

Chairman SASSER. Is there a money-back guarantee if you don't reach those goals? Do we get the money back?

Mr. BENNETT. That is an interesting thought.

Chairman SASSER. Well, we are talking about warranties. I was just curious if we do get it back.

Let me just ask you this question: Would you support additional congressional funding in priority areas of your drug strategy? Or, to put it another way, would you oppose a congressional increase in the President's budget with regard to the war on drugs?

Mr. BENNETT. Well, we are very happy where we are, Mr. Chairman.

Chairman SASSER. All right. Mr. Bennett, you indicate that in your view you think we are making progress on the war on drugs. You say that momentum is shifting our way. I think if we look in the long term, we can see that use of marijuana, for example, is down. There may be a growing realization on the part of young people that cocaine does, indeed, kill. And this may account for some decline in drug use.

My question to you is: How can we take the position that your program, the administration's program, is, indeed, being effective when we can see drug traffickers literally all over the streets in certains areas of Washington? Drug traffickers are popping up in my State. Drugs have become a problem for the first time in the rural areas.

On what do you base your statement that "we are winning the war on drugs?" I hope you are correct, but how can you substantiate that?

Mr. BENNETT. Because, Mr. Chairman, what we are talking about is better or worse. And let me stress that when we say we think the country is starting to turn this thing around and that we may be at the beginning of the end, the end of the beginning, or even further along than that, that it is starting to turn our way—we don't take the credit for it. I think the credit for that belongs to the American people. They changed their mind, they changed their attitude, they became increasingly intolerant of drug use, and they deserve the credit for it. But there just isn't any denying the facts about drug use and about the hardening of public attitudes and about other things that we are seeing, other trends and patterns.

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[1] See p. 151.

Again, we have still got a long way to go, but it does make a difference in this business if we talk about better or worse. And those are the terms in which we are talking. Nobody declared World War II over after the Battle of Midway, but that wasn't any reason not to take the Battle of Midway seriously.

Again, we can be very particular about it. You can go into Memphis—and I know you go into Memphis; I went into Memphis and went into a public housing project and went into several communities, and they said they thought the situation was better. They thought the situation was better in large part due to their efforts, brave efforts of church people and the police. Crime was down, and they were encouraged. They didn't say, "It's over, we've won," but they said, "Things seem to be getting better." That is encouraging. It doesn't mean we should rest on our oars or not keep the effort on. Indeed, I think we should increase the effort. But there are lots of communities in this country where things are looking up, and they were looking down, down, down for a long time.

I don't want to discourage people. We can take it too far either way. If we discourage people and say, look, we can't win this and there's nothing we can do, we are going to drive people into despair. I think we don't want to be Cassandra, and we don't want to be Polyanna.

Chairman SASSER. I agree with you on that. Let me just take the case of Memphis. Perhaps there has been some progress in Memphis. Perhaps there hasn't. I don't have objective evidence on which to make a judgment. But I would say this: That we have better tools to work with in a place like Memphis.

For example, in the housing projects there, the family structure is still very much more intact than it is in an area like Washington. We find that the churches there in the minority community have more outreach programs and much more influence than they do in a community like Washington, DC.

Would you agree with that?

Mr. BENNETT. I am not sure I would, sir. I am not sure I would.

Chairman SASSER. You would not?

Mr. BENNETT. I don't know what you mean by intact families. But if you mean mom-and-dad families in public housing projects?

Chairman SASSER. Well, there are more mom-and-dad families in Memphis, TN, in my view, than there are in Washington, DC.

Mr. BENNETT. Maybe. But I wouldn't think they are anywhere near a majority.

Chairman SASSER. I am not saying they are a majority.

Mr. BENNETT. In terms of the churches, there was a very good story this morning in the Washington Post about the involvement of churches in this area. The volunteer community in Washington, the church community and others that have been cited in the last few weeks, I think deserve pretty substantial credit. But I won't deny the general point; some cities are going to get better quicker than others. We were very encouraged by what we saw in Dallas, and everything we heard in Dallas suggested that, although, again, the situation wasn't by any means over, real progress was being made.

Chairman SASSER. Well, let me just say this, and then I will defer to our distinguished ranking member. I want to see some progress here in Washington, DC.

Mr. BENNETT. I do, too.

Chairman SASSER. This is the Nation's capital, the capital of the most powerful nation in the world, yet we have a drug problem here that is absolutely explosive and appears to me to be virtually out of control.

Mr. BENNETT. I agree.

Chairman SASSER. Now, you indicated last March, Mr. Bennett, after you were sworn in, that you were going to make Washington, DC's drug problem your first priority. Your efforts here were going to be a "test case," as I recall your words, in the war against drugs.

The administration has called for a transfer of 250 DC prisoners to Federal prisons, the construction of a 700-bed Federal hospital, a 500-bed pretrial detention center, and 3 model outpatient clinics to treat drug addicts here in the city of Washington.

To date, the District officials say they have yet to see any of these things come to pass. I wear another hat over in the Governmental Affairs Committee, and that involves some contact with the District of Columbia Government. But I must say to you that they are telling us that 250 prisoners have not been transferred; there have been no new prisons or detention facilities; and there has been only modest Federal help in one existing DC clinic.

Now, it seems that working through the Appropriations Committee is the only way to take any initiative thus far. At my insistence, we have added 700 new police officers here in the District of Columbia and we have also provided advance funding for an 800-bed prison here in the District. But my question is a simple one. Why isn't the administration doing more here, at the front line in the war against drugs, in Washington, DC? Washington for better or worse is the media capital now of this country.

Mr. BENNETT. Right.

Chairman SASSER. If we can make some progress here, then I think that would disseminate across this country very rapidly. Why aren't we doing more?

Mr. BENNETT. I think you are right. It is the media capital of the world. That shouldn't obscure us to the real problems and signs of progress in other places.

We entered into the situation in Washington not because we thought Washington was going to get better faster than anybody else, not because we thought it was going to be a model program, but because it was bleeding to death. Everybody said, for God's sake, do something.

We have done everything that we committed to do, Mr. Chairman. We made a set of commitments, and we have followed through on them. The one thing we have discovered in Washington, which we have discovered everywhere else, is that you cannot take the place of local government. Federal responsibility cannot take the place of local responsibility. The cities with Federal support can heal themselves, but they have to heal themselves. There has to be more initiative.

Mr. Carnes can enumerate the various things that we have done, if you would like to hear them.

Chairman SASSER. Well, I would just like to get him to address my initial question initially about the transfer of 250 District of Columbia prisoners to Federal penitentiaries. Has that been done?

Mr. CARNES. Two hundred forty-two prisoners as of today have been transferred from the District of Columbia prisons to Federal facilities. That has been done. In fact, I have a whole list, an array, of the things that the Federal Government committed to and the status of each one of them and the accomplishments, a list of those that, if the chairman would permit, I would like to ask be inserted into the record to demonstrate that the Federal Government has, indeed, followed through.[1] Millions of dollars have been provided through the Department of Education, through the Department of Justice, the Juvenile Justice Program, Bureau of Justice Assistance programs, over a million dollars in those two areas. NIDA is prepared to, within the next month or two, institute the program involving the research facility with beds.

Chairman SASSER. Are you referring to the construction of the 700-bed Federal prison here for the District?

Mr. CARNES. There are two or three prison issues involved in here. One is a pretrial detention facility which is currently under discussion with the District officials, and I understand that it has been narrowed down to a couple of sites. We do not know what those sites are, but District officials are looking at two and are expected to make a decision very shortly.

In addition, the Federal Government is proceeding with the construction of Federal facilities, which are nationwide, which will house persons convicted of Federal drug offenses. In fact, the crime bill that was passed and the prisons fundings——

Chairman SASSER. It had half a billion dollars in it for prisons last year, right?

Mr. CARNES. It had $1.5 billion.

Chairman SASSER. Well, my time has expired, and I'm going to——

Senator DOMENICI. It expired a while ago, but you are the chairman.

Chairman SASSER. Go ahead. I will yield to Senator Domenici.

Senator DOMENICI. I understand the chairman's concern about what we have or haven't done in the District of Columbia, and I have 10 minutes here. Since he has implied you all have reached some commitments or some obligations, why don't you take that list and read off a few more? We would like to know whether you have done some things or not.

Mr. BENNETT. OK. I will ask Mr. Carnes to do that. But let's get clear where the subject is.

We are doing something for Washington. You bet we are doing something for Washington. We are doing a hell of a lot for Washington. But we cannot take the place of the local government. The local government has to act for itself. There are citizens in this community, as this Post series shows over the last week or two, who are doing everything within their power to help stem the tide of violence and bloodshed and drugs in this city. They could get a better assist from the local government.

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[1] See p. 128.

I don't know why it is heresy when I say it. Hell, the Washington Post editorializes about it every day. Everybody in this town knows that this government is not fulfilling its responsibilities to its citizens. The notion that we can step in and tell the local government to step aside and take over, we can't do that, Senator. They have got to do it.

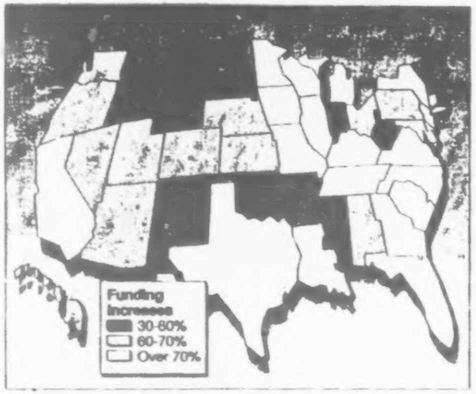
This city is at the top of cities in the United States in terms of money it has at its disposal to care for its citizens. And if you look at this chart on the drug war, you will find the District of Columbia ranking number one in the amount of money received. We are, frankly, getting tired of being flogged for a problem that is not of our making and that is not our responsibility to solve.

USA TODAY DEC 28 1989

PAYING FOR THE USA'S WAR ON DRUGS

Federal anti-drug efforts fueled by $2.2 billion

Federal anti-drug money to states will increase by two-thirds, to $2.2 billion, in 1990. Some states, mainly those with large urban populations, will see grants nearly double. Percentage increases:



State-by-state look at drug money

Anti-drug money comes from three sources: two existing federal programs and a new "Emergency Drug Funding" program. How federal anti drug funds are distributed:

State	New funding (millions)	Per Capita	Rank	Total funding (millions)	Pct. change
Alabama	$16.4	$4.01	17	$32.8	64.9%
Alaska	2.0	3.96	19	6.7	37.5%
Arizona	13.6	3.89	24	29.3	82.7%
Arkansas	7.4	3.09	46	17.4	54.6%
California	116.6	4.12	13	228.6	78.3%
Colorado	12.9	3.90	22	27.5	66.3%
Connecticut	12.6	3.90	22	26.6	67.2%
Delaware	3.3	4.98	3	7.2	68.0%
Dist. of Columbia	3.6	5.89	1	8.8	57.6%
Florida	47.9	3.88	25	96.3	72.2%
Georgia	$24.0	$3.79	27	$45.8	74.8%
Hawaii	4.7	4.31	7	10.6	65.0%
Idaho	2.9	2.88	46	7.2	55.0%
Illinois	49.2	4.23	8	95.2	77.7%
Indiana	20.3	3.66	34	46.6	47.7%
Iowa	9.2	3.24	43	17.5	82.8%
Kansas	7.3	2.95	48	16.2	85.6%
Kentucky	13.6	3.66	34	24.9	83.1%
Louisiana	17.9	4.06	16	32.7	82.6%
Maine	2.9	2.40	53	9.6	36.5%
Maryland	19.1	4.13	12	39.5	91.0%
Massachusetts	24.7	4.20	10	53.4	58.7%
Michigan	38.2	4.14	13	74.0	76.2%
Minnesota	15.2	3.54	39	29.4	84.2%
Mississippi	8.8	3.36	42	18.6	57.7%
Missouri	19.0	3.70	32	38.3	71.2%
Montana	2.4	3.00	47	7.3	40.9%
Nebraska	5.0	3.13	45	11.4	66.5%
Nevada	4.3	4.12	13	10.1	63.3%
New Hampshire	2.7	2.53	52	9.4	35.0%
New Jersey	33.6	4.36	6	70.0	84.0%
New Mexico	4.0	2.67	50	12.7	35.9%
New York	80.9	4.52	4	156.6	70.6%
North Carolina	22.0	3.40	41	42.3	72.5%
North Dakota	2.5	3.70	32	6.0	57.7%
Ohio	42.8	3.94	20	88.3	65.2%
Oklahoma	11.2	3.46	40	24.1	87.5%
Oregon	10.1	3.64	37	21.2	68.2%
Pennsylvania	48.0	4.00	18	96.1	66.3%
Rhode Island	4.4	4.42	5	11.8	51.8%
South Carolina	13.0	3.74	30	25.4	71.6%
South Dakota	2.3	3.23	44	8.0	34.0%
Tennessee	18.6	3.60	26	35.4	77.7%
Texas	65.8	3.91	21	122.8	81.1%
Utah	7.0	4.16	11	15.7	65.7%
Vermont	2.1	3.78	28	7.9	30.6%
Virginia	22.3	3.72	31	43.0	81.7%
Washington	17.6	3.78	28	36.8	69.7%
West Virginia	6.0	2.85	51	13.1	44.2%
Wisconsin	17.7	3.64	37	33.6	85.5%
Wyoming	2.0	4.22	9	5.2	52.1%
Puerto Rico	17.2	5.25	2	29.7	82.0%
Territories	1.1	3.66	34	9.7	42.7%

Source: Federal Funds Information for States

We do not wash our hands of our responsibility. We were there; we entered into it; we said we wanted to help; and I believe we have followed through on our promises. And now we have started again since the latest furor in Washington. I have asked Judge Walton, Reggie Walton, to work with Sterling Tucker, who is the new drug czar in the District, and he and Tucker are meeting two or three times a week trying to get things in sync.

But, you know, sooner or later, the responsibility is local, and I think everybody knows it. When you go around the country, you see it. I learned the same thing in this job I learned at Education. The best Federal program is one that is deployed intelligently at the local level. If you have clarity and if you have some guts and you have some know-how at the local level and you get it done, you can get it done. And those are the necessary conditions.

There are communities all over this country that are getting after it and pursing the drug war vigorously. There are other communities—I don't mean to suggest the District of Columbia in this follow-up statement—that are saying, "We don't know what the hell to do. Save us." We can't save them. People have to save themselves.

Senator **Domenici**. Why don't you just tick off a few?

Mr. **Bennett**. Tick off a few.

Mr. **Carnes**. Thank you, Senator Domenici.

Operation Take Charge through HUD will shortly release $2.8 million to the District as soon as the District submits the paperwork that is needed to release that money. That money is available and waiting for them.

Two grants of $550,000 were awarded to the District, to the Department of Education. One Education Department grant lapsed because the District did not submit the paperwork for it.

The National Institute of Justice provided a $300,000 grant to the District of Columbia; Office of Juvenile Justice provided $250,000; the Labor Department provided a grant of $133,000 for a jobs training program involving prevention for drugs. Currently, renovations are being undergone at St. Elizabeth's for residential beds for drug treatment for the District of Columbia.

Comprehensive outpatient treatment is being provided through the Cardozo Health Center where 150 beds have been identified, and those will be provided through that center. An additional 150 will be provided shortly. NIDA has provided $7.5 million.

Mr. **Bennett**. And we will continue to work with the District of Columbia Government to try to make things better. We will try again and again and again. We will keep trying.

Senator **Domenici**. Mr. Secretary, could I ask, would you have any way of evaluating casual use of illegal drugs with use by what we now commonly refer to as addicts? Can you tell us something about that?

Mr. **Bennett**. Yes, sir. I think our best index there is the NIDA, the National Institute of Drug Abuse, survey which they have been doing every 3 years. They are now going to do it every year, so we will have a yearly report card on this.

NIDA estimates that casual drug use in the United States has gone down from 1985 to 1988. If you take just one measurement, use of an illegal drug once a month or more, you had some 23 million Americans who fell into that category in 1985. That number dropped to 14 million in 1988. That is a steep decline in overall casual drug use.

But the number of casual drug users will be larger, always be larger, than the number of addicts. This is the way people get into addictive use. People start using casually, and some number of those people become addicts.

NIDA estimated the number of addicts, I think the last time, at 862,000. My guess is that is understated. It is probably more like a million, maybe a million-and-a-half. The number of addicts will probably rise, we believe, for the next few years since there is a lag between getting in as a casual user and becoming addicted.

If the trends continue as they have been and if we do the right things vis-a-vis the strategy, the number of addicted users should begin to shrink absolutely within 3 or 4 years. So you are going to see this large curve going down, the smaller number going up and then gradually dropping.

Senator DOMENICI. Is the quantity on the demand side significant as to the casual user? If you were to attempt to quantify it, is it 40 percent of the use of illegal drugs? Is it 20? Is it 50?

Mr. BENNETT. Go ahead.

Mr. CARNES. It ranges, Senator Domenici. There are no very good estimates of the amount of drugs that are consumed in any given dose. But the estimates suggest that the range that you suggested are right, 40 to 50 percent.

Senator DOMENICI. Of quantity?

Mr. CARNES. Yes, sir.

Senator DOMENICI. Let me ask, are there any examples in this country that you could cite for this committee of any regions or cities that are taking a real war on the casual user seriously and are doing something significant and different about it?

Mr. BENNETT. Phoenix, AZ.

Senator DOMENICI. What are they doing?

Mr. BENNETT. They have a program there where, if you are arrested for using drugs, illegal drugs—point one, you are arrested for using illegal drugs. You will often spend the weekend in jail. You can take a longer penalty or enter a treatment program after that weekend. You pay for it if you have an income, so that people who are offending the law here will pay the price. There was a long story in the Wall Street Journal about it, and it seems to be a very effective program.

A number of Governors and State legislatures are looking at other measures to go after the casual user: fines, the revocation of driver's licenses, revocation of professional licenses. You have got to go after the casual user. The casual user is the carrier, and he is the person who is likely to infect other people, particularly young people.

If all kids ever saw were burnt out drug addicts, most of them would be disinclined to get into the drug business. But it is seeing people who appear to have their life together doing pretty well and snorting cocaine occasionally that still makes this problem contagious in some places.

Senator DOMENICI. Two questions in one: Could you evaluate for us whether there is an increased national activity by the organized churches in this country, in this area, and give us a few examples? And, secondly, with reference to use of television, by either the business community or in gratis advertising, is there a concerted effort to address our people with television in an antidrug mode? And is it working?

Mr. **Bennett**. I think the Partnership for a Drug-Free America has done a very good job. They have got a lot of ads on. They are hard hitting. You have seen the eggs frying on the pan, a person jumping off the diving board and no water. They are pretty tough messages.

By the way, the American people think, if anything, the messages should be tougher. The American people are extremely tough on this issue. I talked to a group of high school students yesterday who said they thought adult authority tended to be much too lenient on drugs; and if they had their say, they would mete out real justice, as they put it. As one student said to me, "Why don't you tell the educators to walk it like they talk it and stop namby-pambying around with this issue and protect us?" It was a very interesting notion.

Churches I think are getting into it. I met with representatives of the Southern Baptist Convention the other day. They are very serious about getting involved. We have found, very interestingly, as we have gone around the country and have asked in various communities where is the action, where is the resistance, very often, particularly in the black community, it has been the black church: Reverend Krivins in Memphis, to go back to Memphis again, and some folks in south Dallas, Dorothy Davis, Reverend Lewis and others. It has been the moral center of resistance.

I don't know that the churches in an organized way have done this. I think it would be very, very good if they did because the church obviously has a real mission. The best example I saw of church action was in Tampa. Reverend Michael Lewis, with his parishioners, is in the process of going after crack houses, and he transforms crack houses into faith houses. He turns them from places where he says the devil does his work to where the Lord does his work. Now, that is moral clarity.

Senator **Domenici**. Thank you, Mr. Chairman.

Chairman **Sasser**. Thank you very much, Senator Domenici.

Senator Sanford?

Senator **Sanford**. Mr. Bennett, thank you for your testimony. I am not sure we are at war, but I am satisfied the general is riding into the fray and sounding the bugles and rallying the troops. And I think all of that is good, but let me just raise with you four things, four observations that I have seen in the field in North Carolina and ask you to comment.

I think we must have law enforcement and interdiction in the international efforts. But everywhere I have gone now in North Carolina since this was on drugs started, I have asked this question to the audience, whether it was a high school student body or a group of citizens: If you had a friend that needed drug treatment, where would you suggest that friend go? Do you know where you would suggest? And only three or four hands come up.

I have noticed an appalling lack of facilities. In Charlotte, for example, I was talking to a young lawyer who bragged to me that they have the best drug treatment center in the country. The sheriff who was standing with us said it had a waiting list of 400.

Now, the question is: Are we putting enough money in treatment, rehabilitation, and recovery at the community level? Should we be allocating more resources to cut out drug use?

Mr. BENNETT. We think we are putting enough in, Senator. If you look at the numbers, we are putting in $1.5 billion into treatment in fiscal year 1991. If you look at that number and our best estimate of what State and local facilities there are, we estimate that we now have the capacity to treat something like 1.7 million people.

Now, it is unevenly distributed. You are right about that. I was in your former home town yesterday, in Durham—The City of Medicine—where they told me there weren't any treatment facilities except the expensive ones. Well, there sure should be, or they should stop calling it "The City of Medicine."

Senator SANFORD. Well, I quite agree with that on two or three counts. But all across my State I don't find any place that feels these are adequate treatment facilities. I don't blame all of that on you.

Mr. BENNETT. How much of it do you blame on us?

Senator SANFORD. Well, my point is that we must provide the incentive to stop using drugs. There aren't enough adequately trained people.

Mr. BENNETT. Right. That is coming. Again, I think that—excuse me.

Senator SANFORD. It just seems to me that we need to place more emphasis on training counselors, promoting treatment programs and tying them into existing health facilities than we are now.

Mr. BENNETT. Sure, I think so. If I may just comment briefly, I noticed in the package that is being proposed or being debated right now in the State of North Carolina, a full 48 percent of the budget is earmarked for treatment. So there is clear recognition in that package, and that is a good idea. States need to respond to that. Mr. Carnes says a 128-percent increase in North Carolina, 1989 to 1990, so maybe we will see that come in and take some shape in terms of some treatment sites.

Senator SANFORD. But that is a very small amount to start with. But I don't want to argue this point.

Mr. BENNETT. OK.

Senator SANFORD. I want to make the point that we don't have adequate training facilities to accommodate the demand. And, really, you know, I don't even need a defensive answer or an explanation. I am reporting to you that we aren't getting through at the training, education, rehabilitation and treatment level. We just aren't.

Mr. BENNETT. Well, I think it is correct to say that we do need more treatment professionals in the field, and you can't just snap your fingers and produce government money and there they will be. It takes time. But I think there is a response out there to the fact of the availability of Federal money and State money.

You are going to see more and more people, I think, leaning in the direction of this kind of training and going into this kind of program, in part because of Federal funds.

Senator **Sanford**. Well, and there is not much incentive.

Let me ask you another question, somewhat related. I am told that half of the present prison population in the Federal system are drug-related cases. Of the billion dollars requested for the Bureau of Prisons in the 1991 budget, only $8 million goes for treatment.

Why would we not, once we had those drug people in hand, not emphasize treatment? They leave prison and they come back again, and they leave and they come back again. Why have them in prison, why don't we treat them?

Mr. **Bennett**. Right. Mr. Carnes.

Mr. **Carnes**. That is a correct point that we would agree with, Senator. In 1991 for treatment in Federal prisons, we are increasing by triple the amount of funding provided for treatment. I can provide for you——

Senator **Sanford**. Well, I am glad to hear that. Let me just make an observation that the psychiatric treatment in prisons has never been very good. We at one time put the mental health system in charge of prison mental health, which was an innovation. But it is a fact that drug addicts who go to prison are coming out, if anything, worse. And I simply think this is a place that we need to put more effort.

Mr. **Bennett**. Great.

Senator **Sanford**. Now, let me make one another point about local law enforcement. I have been sort of amazed to find the amount of drug activity in the rural areas, which I must say just flabbergasted me. I didn't think you would find it there.

Because of the heavy emphasis on the target boarder areas, my sheriffs worry that such a high intensive area program will drive the drug traffic to eastern North Carolina. Does this program have a plan to deal with that?

Mr. **Bennett**. Yes, First of all, the designation of high intensity drug trafficking areas, I don't think would likely have had that effect yet. It couldn't have had that effect yet. The designations are just a couple weeks old. But let me say the more general fact which I made reference to two or three times yesterday. And I think it is very important in light of things such as the very high crime rate in North Carolina which you and I were talking about earlier, Senator.

It is a fact—and I think everybody in this country needs to recognize it—that if you do not set up a strong defense against drugs and drug crime, you are going to have more of it. We have been to a lot of places in this country where the laws were not very stiff, the penalties weren't there, the prison facilities weren't there. And this kind of fact, this kind of softness can be determined and read about by the drug criminals, and they will move there.

When we were in Oregon, we were told by Oregon officials that the harder they press down in Los Angeles, the more they moved up Interstate 5 into Oregon.

Senator **Sanford**. Exactly. I simply wanted to make that point. I am looking for the soft spots in our war.

Mr. **Bennett**. Right.

Senator **Sanford**. This is certainly one of them.

Another soft spot is education as distinguished from education, treatment, and rehabilitation. Of our 140 school systems in North Carolina, we only have 40 now with drug education programs. And they are only in grade 6 to 12 instead of K to 12. How can we encourage an expansion of that? Do we need more Federal money?

Mr. **Bennett**. We are proposing more funds in drug education programs, Senator Sanford, up to $600 million, I think.

Senator **Sanford**. Which I think is inadequate, and I hope you would bear in mind these soft spots as we answer an earlier question. Could we provide more money—shift more money—for some of these priorities that are being neglected?

Mr. **Bennett**. Mr. Carnes.

Mr. **Carnes**. Senator, if I could just add one point. Last year in the fall when Congress passed and the President signed the drug amendments for 1989, there is a provision in the education section that says every school that receives any Federal funds is going to be required to put in a program K to 12.

Senator **Sanford**. Well, I understand that, but that is a matter that is awfully easy for us to do, to require. But you must remember that schools generally are underfunded, and we don't have the funds to take care of early childhood education. We have all kinds of problems. We have taken on this drug problem. How can we add to the incentives to stop using drugs? That is my point.

I have a few other questions, but my time is up, and I will ask them later.

Mr. **Bennett**. OK.

Chairman **Sasser**. Thank you, Senator Sanford.

Senator Gramm.

Senator **Gramm**. Thank you, Mr. Chairman.

Bill, let me first say that one of the things I always find refreshing about you is that while you are experienced in the ways of Washington and government, you have not lost your ability to be outraged. And I think it is a characteristic that more of us need.

As I listened to our remarks this morning, it reminds me of the song from Cabaret, "A mark, a yen, a buck or a pound, money makes the world go 'round." I want to start by saying something about money in the drug strategy, and then I want to ask you some questions.

For the 2 years prior to President Bush's election, Congress cut President Reagan's drug budget. In fact, the last year of the Reagan administration, Congress cut the law enforcement part of the President's drug effort by $600 million, cut FBI $100 million below the President's request, cut the prison system $340 million below the President's request. This year, Congress decided if the President has asked for money, we are going to add more. And, of course, we were successful in that effort.

However, your drug strategy is not just about money. You talk about meeting these goals, but your drug strategy is also about programs. One key program is an education program that requires as a condition for the receipt of Federal funds a credible drug-free school program for both the public schools and for our colleges and universities.

I guess most Americans believe that Congress adopted the President's drug-free school program. But in the final hours of the last session of Congress, the House refused to go along with a mandatory program, and we ended up passing a program where we have a drug-free school program but it is credible if the local school system say it is credible.

Does that weaken your effort to spend all this money we are talking about?

Mr. BENNETT. Yes, it certainly can. You bet.

Senator GRAMM. Now, hear a lot about spending money on rehabilitation. But as I looked at your drug strategy, you didn't just ask for money; you asked for a program——

Mr. BENNETT. Right.

Senator GRAMM [continuing]. That set up criteria to evaluate rehabilitation programs so that money went only to the programs that worked. Has that program been adopted?

Mr. BENNETT. No; it hasn't. It needs to be.

Senator GRAMM. In your drug strategy and your crime strategy you ask for changes in the law related to mandatory sentencing in an effort to grab drug thugs by the throat. Has the heart of the President's anticrime program been adopted by Congress?

Mr. BENNETT. No, it has not.

Senator GRAMM. So am I overstating the case by saying that while there is a lot of chest-pounding about spending money, if you look from education to rehabilitation to law enforcement—and I would guess those are the three principal parts of your drug strategy—that Congress has not adopted the programs to go with the money?

Mr. BENNETT. That is correct.

Senator GRAMM. Do you believe that by simply spending the money on this problem without having a coherent concrete program that we can, in fact, achieve the results that you set out as a target?

Mr. BENNETT. No; we said, again, in the strategy that, you know, doing some things will cost some money, and we are not hesitant to ask for that. But these things that we laid out—that we believe have to be done—have to be done.

Senator GRAMM. Well, let me ask you a question. You are out there on the firing line—and our colleague from North Carolina talked about the general leading the charge and the bugles sounding. I never knew a general who won battles who wasn't leading the charge, and I am delighted that you are not back in some bunker somewhere. I think what we need is a sounding bugle.

Why do you think it is that Congress is so eager to spend money but so slow to adopt a program to establish a coherent way of spending it?

Mr. BENNETT. Because I think there is still a certain lack of moral clarity about what to do. I think among some there is still an interest or a temptation to say if we can spend a little more around the edges rather than biting the hard bullet of public policy on certain points, let's try to do it that way. But you can't get there from here. You have got to bite that bullet. You have got to do certain things. You have got to say to the schools: Look, no more fooling around. You have policies on drug use, and you have penalties for drug use. And if you don't, you lose all Federal funds. And that determination can't be subject to the subjective response of a local official. It has got to be a serious policy, or you are not going to get there.

I mean, I heard this—Senator Sanford is back. I heard this in Raleigh, NC, yesterday from the students. I met with a group of high school students, and I said, "How is your drug education program?" And they laughed. They said, "It's a joke. We all know about all these powders, and we see the overheads, the slides." I said, "Well, what should we do?" They said, "The people here should do what they said they were going to do, which is punish people who use drugs. It's a joke," they said. They're talking about drugs. They're saying we shouldn't use drugs. But if somebody uses drugs, nothing happens.

I said, "What would you do?" They said—this was the student leaders. They said, "We should decide. We should make the determination because we won't fool around about it."

The important point here is it is not just a matter of, well, it is our policies or somebody else's policies. If we talk serious rhetoric but we don't take the serious and hard steps in public policy, we are not going to get there. And the American people will suspect us all of being cynical, of just talking a good game, and they are emphatic that they want us to get there. They are emphatic that they want these policies. They are emphatic that they want these mandatory sentences, emphatic that they want these school policies, emphatic that treatment be accountable, et cetera, et cetera, et cetera.

Senator GRAMM. Well, let me just urge you to continue your efforts because I feel emphatic as they do—and I think there are many Members of Congress who do, but obviously not a majority. I don't think it is an accident, that when for the third year in a row all the national polls show that the drug and crime problem is the number one problem in America, when you look at the three pillars of the President's drug program in terms of program—not money—not one of them has been adopted.

So I can give back the rest of my time by urging you, when you are out traveling around the country and you are getting all these questions asking when are we getting more money, when are you going to have more money, to point out that Congress has yet to adopt the President's drug-free school program, that Congress has yet to adopt any kind of accountability program related to rehabilitation, and that Congress has yet to adopt a program to grab drug thugs by the throat.

And I agree with you, Bill. When I go out to high schools, the students are way out in front of the people that are running schools. Way out front.

Mr. BENNETT. I am not even sure it is the people who are running schools. It is the basic NEA line. I know you don't want another debate on education. I used to do that, but this is basically the view of the National Education Association which tends to be pervading lots of policy statements these days.

But it's not what kids think. Kids have a much clearer sense of justice. I am talking about the National Education, not the Arts Endowment. That is another situation. But they have a very clear view about what needs to be done, and it is a very sensible view. Basically, if we followed what workers in the workplace told us to do, if what kids in the schools told us to do, what the cops on the beat told us to do, essentially what the American people have laid out, we would get there.

Senator **GRAMM**. Well, I think the tragedy is that we are not following the strategy. I think people think we are because they see the budget numbers, but I think the tragedy is that we have not adopted the President's drug strategy. And so as a result, much of the money we are spending is not being spent as effectively as it would if we had Congress implement the program.

Thank you, Mr. Chairman.

Chairman **SASSER**. Senator Riegle.

Senator **RIEGLE**. Thank you, Mr. Chairman.

Let me ask, is it your view that drug use in the country is down, say, this year versus a year ago?

Mr. **BENNETT**. I can't give you a number for 1988 to 1989 or 1989 to 1990. The numbers I was citing was that study from 1985 to 1988. They all think that that decline is continuing.

Senator **RIEGLE**. Yes; but you're the guy that's in charge. I am respectful of their view, but I am really more interested in your view because you are the person who really is charged with integrating all of this information. And I know there aren't precise numbers, but I am just wondering if it is your feeling that, say, from a year ago, there is less drug use in the society today than there was a year ago?

Mr. **BENNETT**. Yes; that's my sense—not everywhere, not every community, but overall in the aggregate, as a Nation, yes, emphatically yes.

Senator **RIEGLE**. Is it also your view that drug violence, drug crime is down now from a year ago?

Mr. **BENNETT**. No.

Senator **RIEGLE**. Well, that seems odd that drug use is down, but drug crime is up.

Mr. **BENNETT**. No; it is not my feeling, and it isn't necessarily odd at all. Take one example. You could have a situation where there is a smaller supply of drugs in a particular community and more fighting—three dogs fighting over one bone—and that can lead to more violence. Also I think violence is probably much more a function of addiction than general overall use, and if your addiction numbers are going up, you may have more violence.

Senator **RIEGLE**. So your testimony, then, is to the effect that drug crime, or your best sense for drug crime is up, say, over the last year whereas drug use you think is down.

Mr. **BENNETT**. Yes; I would not feel comfortable about drug violence—saying it is down—as I would about drug use, but I wouldn't feel comfortable saying it is up, either. We have talked, and a lot of people looked at the studies; we just don't know.

Senator Riegle. Well, I would like to go back to what Chairman Sasser was asking about earlier with respect here to the District of Columbia. This is obviously a very complex problem, and no one person can solve it, and I do not in any way suggest that you single-handedly can. But at last count if my memory is right, I think we have had something like 59 homicides in the District of Columbia since January 1. I may be off by four or five—does somebody have the current number? It is in that range.

Mr. BENNETT. I don't know. It sounds about right.

Senator RIEGLE. And when you think about that, when you think about 59 people being shot to death and lots of others wounded in such a short period of time—we are just into the month of February, and that rate is much above what it was last year—I suspect there are more homicides in this town than occur, say, in the entire country of Japan in a whole year. I am not aware of the fact in terms of shooting deaths——

Mr. BENNETT. I don't know.

Senator RIEGLE [continuing]. That they have any appreciable number in their entire country, and yet we seem to have a genuine epidemic of shooting deaths, and I gather most of them drug-related. Is my impression right on that? Is it your sense that most of these homicides are drug-related?

Mr. BENNETT. A lot of them are. I don't know that I'd say most; a lot of them are, certainly. It is becoming, as I read it—and I am certainly not a scholar of it—the police are saying it is becoming sort of the mode of dispute resolution in a lot of places, and disputes of all sorts. Certainly drugs are involved in a lot of them.

Senator Riegle. Now, leaving Washington aside for a minute, let me take Michigan. I have been out to visit with my local suburban community police chiefs in the Detroit area, and as you might expect in most major urban centers like Detroit or New York or other big cities, we've got a major drug problem. We have it just about every other place as well. It has moved out to the suburban communities, and it is throughout the rural communities also. But my suburban police chiefs are saying that, as the problem comes out of the city and out into the suburban settings that they really don't have the resources to cope with it. In other words, it sort of overwhelms the police strength and capability of those suburban police operations. They are geared to a different kind of a problem, and as the drug wave gets pushed out or moves out of the city and into the suburban communities, they are matched against a problem that they just don't have the resources to deal with.

We went out together, for example, to view some of the areas where drugs were being sold in the middle of the day, so that I could see with my own eyes. And what they say to me is that they are literally at a loss to know what to do. I mean, the problem is bigger than the scale of their resources to respond to it.

The latest data suggests that about half the States at the moment are in a money crunch, so they don't have extra money. Almost every local community is in a money crunch—they are turning down bond issues for education spending and other things, so there is very little extra money to be gotten there. And, frankly, we don't have any large amount of extra money to pass out at the Federal level as things stand today.

What do we do to help these local police agencies, especially in some of these communities that are smaller in size, as they are inundated with drug traffic? What can we do to help them? What is our answer from a national point of view when, in effect, it has become a national problem, and it seems to be happening in every community in the country?

Mr. BENNETT. It is happening in a lot of communities, but I think the answer—really, I don't want to dodge the question—but the answer depends on each particular community and the nature of its problems and its needs.

We have been in communities, Senator, where you have a fairly large police force, but it is not very well-deployed. We have been in communities where the force isn't terribly large, but it still is not being well-deployed. There are some managerial issues.

There are other places where you have a very large police force, and they are doing a lot of arresting, but the thing clogs up later on, lacking court space, judges, personnel, and the like.

There are some communities, the ones I was thinking of as you were reciting your experience, which do have a modicum of manpower and resources, but they are not used to this problem. There are suburban police departments that just are not used to seeing crack and knowing how to deal with it. There, what they need is some borrowing from the expertise of their colleagues in the cities.

Overall we are seeing—I don't know if Mr. Carnes has the numbers—a pretty steady increase in local law enforcement. Our increase at the Federal level, we recited earlier, but there is a general increase at the State and local level in law enforcement and law enforcement deployment.

So the answer really depends on each community's needs. Mr. Walters from Michigan wants to say something.

Mr. WALTERS. Well, there is a division of this problem. Partly at the Federal level what we have tried to do in this drug control strategy is expand the Federal investigatory effort at organizations through a substantial, over $100 million increase, in OCDETF, and a $150 million increase in DEA; part of that will go to State and local task forces so we can go after organizations. It is now a big enough problem, there is a lot of money, there are a lot of drugs moving through these organizations that makes them a bigger target for enforcement efforts.

At the State and local level, one thing we have found both in the District of Columbia and elsewhere is the police on the street can in fact pick up two, three, four times as many offenders as the court and the prison system can handle. We are pleased to see that an estimated $9 billion in prison construction is going on in the States. Many States have moved in this area. We need to do a better job in the corrections system both of providing swift and sure punishment and in providing, as we have talked earlier about, treatment to get people who are in the prison system due to drug use off drugs when they get out, and that is why we have proposed using some of our treatment money in that area.

Senator RIEGLE. Mr. Chairman, my time is up. I just want to give you my own report from talking to my police officials in Michigan in communities across the State. They feel that they are outmanned and outgunned right now by the whole drug network, and they are finding that as they try to develop the internal efficiencies and new methods and so forth that they are short on people, they are short on resources, and they don't feel they are winning. That doesn't mean that they don't win something each day in terms of cracking a drug house or what-have-you. But their bottom line is that they feel like they are falling behind, that they just don't have what they need and that the problem is bigger than their strength and enlarging. That is the report that I am giving you from people who are on the front line in my State.

Mr. **Bennett**. OK. I'm going out in March and going to talk to the State legislature, and maybe we can compare notes after that.

Senator **Riegle**. Very good.

Thank you, Mr. Chairman.

Chairman **Sasser**. Thank you, Senator Riegle.

Senator Bond?

Senator **Bond**. Thank you, Mr. Chairman.

I certainly appreciate the opportunity to participate in this hearing. Our distinguished witness has lived up to his reputation for being a man of firmly held opinions and his willingness to express them.

Bill, we are very pleased that you were in Kansas City to see an example of our successful community involvement in the Ad Hoc Committee Against Crime. That is one area where we think some real progress is being made. Unfortunately, we've got a lot of other problems in our State as most States do. The fact that marijuana has overtaken soybeans as the number one crop makes our discussions on the farm bill a little bit interesting. But we have serious problems—the Forest Service and National Park Service seem overwhelmed even though we have given them new tools; the pursuit laws were very helpful, but they still express a sense that they are outmatched, and the elaborate security protections that they encounter is a great danger to them.

In addition to our prolific crops, particularly in southern Missouri, we are blessed with a manmade industry in chemistry. Methamphetamine or crank labs have moved into rural areas as law enforcement efforts have been stepped up in the metropolitan areas and other areas, the effect that you mentioned. In some of these rural areas, sheriffs' departments with very, very small amounts of resources and personnel really feel they are being overwhelmed.

As I have talked about drugs with people, law enforcement officials, students, and local leaders all over the State, the first concern is about local law enforcement—it is undertrained, underfunded and understaffed. Sure, we have got to make more of an effort at the State and local levels. We are very pleased that from 1989 to 1990 the funds increased 70 percent in Missouri. The problem we see out there—I was there, actually, after fiscal year 1990 had started, and nobody had seen the dollars yet. How long is it taking for the dollars to trickle down and get to the areas where they are supposed to help?

Mr. **Bennett**. We think they are there now—don't we, a lot of them? One of the things that I found around the country—I didn't know this before I got into this job, and I didn't know it when I was Secretary of Education—is that when the money comes to Washington and goes into the State capitol and is distributed, Governors do not make a point of saying, "This part is from the Federal Government, and this part is from the State."

Senator **Bond**. Gee, I always did.

Mr. **Bennett**. Yes, I'm sure you did. Some governors are happy to let the citizenry assume that it is all from "Uncle Governor" and none of it from "Uncle President" and "Uncle Congress". So we think that fiscal year 1990 money is out there now. Is it out in every community—Mr. Carnes can comment more expertly.

Mr. **Carnes**. There is a big increase in 1990 above the 1989 level. That is in the process of being outlaid, so it is making its way into the States and will go through the State process. But that huge increase that you mentioned is on its way out of Washington into the States; there is another increase in 1991 that is proposed, so that Missouri would get an increase in the neighborhood of 130 percent between 1989 and 1991 just in budget authority.

Senator **Bond**. Just as a matter of administration, we will work with you later—we don't need to take the time up here—to see how quickly it gets down——

Mr. **Bennett**. Sure.

Senator **Bond** [continuing]. But perhaps there is some way we could expedite that.

Mr. **Bennett**. Yes, sir, I agree.

Senator **Bond**. The second thing that I run into, and the thing that is very gratifying—we see that the local educational efforts, programs in schools, drug awareness programs, are really developing where you have some strong leadership. You have principals, you have superintendents, you have teachers who are really making that extra effort to get the young people involved. I've gotten a much greater feeling of hope listening to some of these kids, and some of the best educators for the kids are the ones who have been abusers and have gone through treatment and are back. There is nobody better to carry that message. But again, I think while the dollars are important, there is that local commitment that is extremely important.

Last night I asked our son about drug use at the elementary school where he and your children go, and he said no, he didn't know of any. But again, that is something we hope they will have the support to stay away from it in the future.

Let me ask you one contentious question. Last year you sent up a proposal to mandate States perform drug tests on parolees, arrestees, detainees and convicts, S. 1711, and you sent no money along to pay for it. Both the majority and minority sides raised some serious questions about it. As a former Governor, I went down there to provide the substitute to totally change the program and said we don't know what it is supposed to do. I could tell you as a former Governor that you are safe as a rule-of-thumb in saying that two-thirds of the people in the prison are there either because of drug offenses or drug-related offenses, so you are not telling me anything I don't know.

We put in a modest pilot program so you could see if you learn anything useful in the Federal system, and before I have to go down and offer another amendment again, would you tell me why it has come back, as it appears to have?

Mr. **Bennett**. Sure, we'd like to do more than we are doing. We did not intend—although many people took it as such—that the plan was to test everybody. We couldn't do that, we couldn't afford to do that. But we wanted to get a little better indication of the trends in terms of drug use for those so situated, and that's why we're back again.

In order to address the problem Senator Sanford, for example, was raising about treatment and our needs there and our ability to respond there, we need to have a better fix on this.

Senator BOND. I would suggest if you want something done, you either do it in the Federal system or recommend a small pilot program, because the State resources are far too strapped to take on a statistical exercise.

Mr. CARNES. Yes, sir, it is actually more than a statistical exercise. I would just point out first it is being done in the Federal system——

Senator BOND. Good.

Mr. CARNES [continuing]. And what we were seeking to do, and all that we are seeking to do here, is to ask the States as a condition for receipt of these increased funds that they implement some form of drug testing somewhere in the State at some stage of the criminal justice procedure so that what happens to the people who are involved in that program is contingent upon their being drug-free. It was not meant to be statewide, it was not meant to cover an entire city. The only thing that the State had to do was to designate, perhaps, a jurisdiction, a particular court, a particular class of offender, group of individuals or place, for testing.

Senator BOND. I would suggest maybe we could work together to make sure that the purpose is better carried out.

Mr. BENNETT. You bet. Thank you, Senator.

Senator BOND. Thank you, Mr. Chairman.

Chairman SASSER. Thank you, Senator Bond.

Mr. Bennett, let me follow up on the proposition that I raised initially, which I think Senator Riegle is echoing and Senator Bond also, to some extent. That is the continuing criticism that we are getting from the State and local level for not getting the resources down to the State and local levels to do the job that they think needs to be done.

I hear from my State—and I gather Senator Riegle is hearing it from his State and perhaps Senator Bond, also—that local and State officials feel like they are simply being overrun. They feel as if funds have been promised but they are not being received.

We were asked to come into our State by our Governor to explain to State and local officials where the money is going. The State and local officials had been looking to our Governor and his staff, saying, "We thought you were getting the money."

So when we start looking at the numbers, what we find—and I think it is reflected in this year's budget request—is that you are asking for a $1.5 billion increase, over the budget request for last year.

Now, when we look at that, we see that $300 million of this $1.5 billion is to be allocated to State and local use; but when we look at that $300 million, we find we have to back out about $150 million of it that is for various entitlement programs, nondiscretionary funding, et cetera.

So the bottom line is that only $155 million of the $1.5 billion increase really goes down to the State and local governments where the rubber meets the road. That appears to me to be the problem. And it also appears to fly in the face of the National Drug Strategy.

You said yourself in your National Drug Strategy—and I'll read it here, so we'll both know that we have the same view on how to do this—it says "if there is a recurrent theme in this strategy, it is the crucial role that State and local government play, and must play, if a National Drug Strategy is to work".

Now, you and I agree on that, and I suspect that you and the majority of the members of this committee would agree on that. Now, what has happened? Is the administration or OMB cutting you back to the point that you cannot get the funding that needs to go to State and local government? What is happening? Tell us, and tell us how we can help, if you agree that we do need to get more help to that level.

Mr. BENNETT. I appreciate the offer of help, Mr. Chairman, but I don't feel I am in any danger, and I don't feel like I'm drowning. I feel like we are buoyant.

Chairman SASSER. Well, I don't mean to interrupt, but I really believe that the State and local officials do feel like they are drowning.

Mr. BENNETT. Well, I know, and we have heard that I hear it as I go around, and I continue to go around. We ask them why, and sometimes we find out it is because they haven't gotten the money yet—OK, the money wasn't appropriated until the end of November, and it is coming. There are different answers in different places. Again, this is substantial money, and I cannot agree that we should, in looking at this money, factor out entitlement programs and then talk about other things as where the rubber meets the road. If entitlement programs aren't where the rubber meets the road, what the hell are they there for?

Chairman SASSER. We are talking about the war on drugs now.

Mr. BENNETT. Well, I know, but I mean—sure—but we have entitlement programs there.

Mr. CARNES. There is a large treatment grant program. I would make this point, that since 1989, since President Bush took office, money that flows directly to the States for the drug war is going up 110 percent, from $1.2 billion to $2.6 billion, in just the last 13 months since President Bush took office. In Tennessee itself, it is a 133-percent increase.

Those funds flow directly to the States partly through the functioning of large block grant programs in education, in treatment and in Justice Assistance—huge increases in the Bureau of Justice Assistance. Before the Bush administration took office, the administration recommended zero dollars for State and local law enforcement related to drugs. Now the Bush administration is recommending $525 million; it is a complete reversal of previous policy in order to get that money flowing to States and locals.

So a total of $2.6 billion out of the whole budget is flowing to the States directly, does not include other Federal programs that operate in law enforcement and related areas that are spent in the States to do law enforcement.

Chairman SASSER. Well, somehow, that doesn't seem to have sunk in on the local level. Somehow, those funds do not seem to be arriving there. Maybe they are in the pipeline.

Mr. BENNETT. Well, there is the arrival question and then there is what the amount is when it gets there.

Senator DOMENICI. Mr. Chairman, might I just ask a question in this regard. Let me leave the ADAMHA grants out for a minute and talk about the others.

One of the problems we have, Chairman Sasser, is that this money does go to the States first—in my State, not to Albuquerque. Albuquerque has to go ask the State. And frankly, the first year of the program, we had a State director who established a policy that our national law permitted, believe it or not, that none of the money went to the largest city. Now, it wasn't a lot of money, but he just established a program where the money went to all the rural areas and didn't go to the city with all the problems.

I've got to tell you, Mr. Secretary, I think the feeling out there is exactly what is being said here. Yet we keep getting information that the money is going to the cities. I don't know where that is breaking apart, but somehow it is.

Chairman SASSER. Just let me say this, that it is not being held at the State level in my State because the Governor asked me to come down there and explain to State and local officials what was going on. He wasn't taking the money and squirreling it away somewhere in some State program, or wasting it administratively, or anything like that.

Mr. CARNES. Mr. Chairman, I think what is happening is that you are hearing the States react to the 1989 level, which was the $1.2 billion. There is a level in excess of $2 billion in 1990 which is in the process of going out right now, a 41 percent increase in outlays that will be hitting the States during the course of fiscal 1990. That, I don't think has hit every State yet, but it is in the pipeline, and it is coming, and I think it is going to be a very significant plus-up, an increase for them in their programs across-the-board. That will be followed by the President's proposal in 1991, with yet a further increase.

Chairman SASSER. All right. Now, let me return for just a moment to the question of Washington, DC. The distinguished ranking member asked you and Mr. Carnes to read into the record some of the things that have been done here.

Here is what the metropolitan police department in Washington, DC is telling us. They are saying that on March 31, 1989, the city requested Federal assistance in these areas: emergency alleviation of prison overcrowding, 1,500 beds; funding for prevention education including public housing, security and support services; increased police personnel and crime-fighting technology; criminal justice system expansion to meet prosecutorial caseload; pretrial public defender, court staff, judicial presence; assistance to correctional system through interstate compact; youth custodial and rehabilitation services; drug treatment facility expansion and service organization. The total package of requested assistance was $102 million.

These kinds of programs and projects were discussed in the National Drug Strategy with the Bush-Bennett administration as areas that the Federal Government should fund and support.

Now, here is what they are telling us that they have received to date: funding to run a retreat in November in conjunction with ADASA and other local agencies to educate community representatives in drug use prevention, to the tune of $29,000.

Number two, space was provided at the Cardozo Community Health Center for ADASA and one position one day a week.

Number three, agreement to assist with a central intake facility and three outpatient treatment units for ADASA when the site is selected and contracts became possible.

Now, with regard to prisoners: Took the District of Columbia prisoners into Federal prisons but returned a like number for no new net prisoner placement. They say that Federal prison authorities took 153 of the 250 promised the DC prisoners, but the Federal Government returned the same number of prisoners for no net gain. And they also say that the FBI and U.S. Attorney assisted with some costs for a 90-day ballistic backlog clearance project.

They conclude by saying there does not appear to have been any significant assistance in any of the areas the District of Columbia requested in its appeal for emergency assistance.

The 700 person increase for the metropolitan police department which I alluded to earlier seems to have been mainly accomplished by the Hill. Other assistance occurred through the normal appropriations process.

Now, do we have a basic disagreement here between the metropolitan government and your agency as to what you are doing?

Mr. **Walters**. When you read the District of Columbia request, what was the total estimated amount of that request you read?

Chairman **Sasser**. They say $102 million. Is that correct?

Mr. **Bennett**. Yes, that is right.

Mr. Carnes. That was their request, Mr. Chairman. I think it is fair to say that we do have a very basic disagreement here, and I think it is quite a profound disagreement. The Federal Government made a commitment to provide resources to the District for this project in excess of $90 million, and we have made those resources available. In many cases, the District did not avail itself of those resources. Let me give you an example.

We reserved $2.4 million in Department of Defense National Guard funds to be used by the District to support their law enforcement activities. Almost every penny of that lapsed because the District government did not draw down that money.

And we went back to them repeatedly. I myself went back to them repeatedly saying we are holding this money, we are holding this money, the clock is ticking, the time is running out. You have got to get the plan in, you have got to start drawing down this money; it is going to lapse. It lapsed; it all went away.

There were a number of other instances in which money was set aside. Plans were not submitted to the Federal Government that are needed to simply release that money. That happened time after time.

I would say one further point, which is that there is a net increase in the Federal prison system of 242 prisoners from the District of Columbia. Now, the District of Columbia says that some were returned. I think we would have to take a careful look to see whether those were related at all to this particular activity or not.

The District of Columbia is involved in a separate litigation matter having to do with prison overcrowding in the District, and they have before the courts—I don't want to really even get into that or comment on that, but I think that in order to clear that up, we have to find out what the relationship between those two issues is.

Chairman SASSER. Thank you. One final question and then my time will expire. Mr. Bennett, one of our colleagues raised a concern here a moment ago about the Congress not fully funding the President's proposals with regard to dealing with the problem of drugs in this country.

This occurs I think, because of a disagreement between the administration and perhaps you and the Congress as to how this problem should be approached—the balance between the demand side and the supply side. And many of my colleagues here in Congress are of the view that we should spend as much money on the treatment and education side as we do on the law enforcement and incarceration side.

Now, if press accounts are to be believed, you don't agree with that, and you have very little confidence in drug education programs, which seems to me to be a curious view for a former Secretary of Education to take.

But I would like to know what your views are with regard to education versus the enforcement side. If these press accounts are accurate, that you have little confidence in drug education programs, why do you hold that view?

Mr. BENNETT. Sure; let me comment on the first question first, Senator. To be precise, it is not only that I don't agree that there should be something different from a 70-30 split, as you describe it. It is the Congress that doesn't agree with that either. I mean, people have tried repeatedly to flog us on our distribution of the funds, 70-30, but when it came to appropriations, it is exactly what Congress did.

Now, I will keep hearing the criticism, but Congress needs to walk it likes it talks it, and if it doesn't believe that law enforcement should get this much money, then it should vote that way. I hope it doesn't because if it does, it will be making a very serious mistake.

But the distribution of funds, as appropriated in fiscal 1990, was roughly what we asked for, and we were fair on that and we said we think that is right, and we praised the Congress for it. Then we are criticized by the Congress for our distribution formula, which is the same as Congress' distribution formula.

On the education point, what I was reacting to again—and I will stand by this and defend it for as long as you would like—is the claim Senator Kennedy made in a hearing the other day that you can get a drug education program that will inoculate young people against drug use. There is no such drug education program.

Second, if I had to choose, I said, between clear school policy about drug use or a seminar on the nature of drugs and how they work, and I could only have one, I would choose the clear policy because I am convinced it is much more effective. Given the choice, we should have both.

Again, I refer you to the conversation I had with the students yesterday in the high school. It is not the only conversation I have ever had with high school students who say we understand what you are saying when you say it; what matters to us is whether you mean it, and we find out whether you mean when you act on what you say. Policy is very important.

If ignorance is the problem, then knowledge is the cure, but I do not think for most of our young people today it is ignorance that drugs might hurt them. It is that they don't believe that drugs will hurt them, even though they have been taught it, because they are adolescents and they still have a notion of infantile omnipotence that it won't happen to them.

As Len Bias said when he took cocaine, I can take it, man, I am healthy. I am sure he had heard a lesson. I am sure someone along the way had told him about this. It just happens that young people will resist what older people advise and admonish. If they weren't resisting it and didn't have a tradition of resisting, we would have never had need of the Fourth Commandment.

Chairman SASSER. If my colleagues would allow me just one short followup question here, because this is a matter that I think is important and is, frankly, very interesting to me? Mr. Bennett, I have interviewed young people who have been incarcerated in my State and one told me on one occasion, "I didn't realize what I was getting into with these drugs."

He said, "Now, I knew I wasn't supposed to smoke. There is all sorts of information out there about how dangerous to your health smoking cigarettes is. He said I didn't smoke cigarettes, but I didn't realize what, frankly, I was getting into here until I was sort of hooked.

Mr. BENNETT. OK.

Chairman SASSER. Now, we can look at the education program with regard to tobacco, and I speak to you as a Senator from a tobacco-producing State, and we can see tobacco consumption and cigarettes going down on a per capita basis year after year. It is working there.

Are we saying that we don't think education with regard to drugs would be as effective? It appears to me there is more education or propaganda, if you wish, discouraging young people from smoking cigarettes than there is from popping cocaine, or however you take it.

Mr. BENNETT. Yes; I agree with you. In certain parts of the culture, you are absolutely right. As a former cigarette smoker, I know in certain circles of society I could tell from people's faces that they thought capital punishment would be too good for me—I mean, the kinds of looks you get, the kinds of waving of the air, lectures.

It was quite remarkable that we were able to get something like a majority of 7-year-olds in this country, if not inoculated against tobacco use, indoctrinated sufficiently so that any time an adult anywhere in their presence would light up a cigarette, they would gesticulate wildly—Senator Domenici knows what I am talking about—and say, yuk, horrible person, go away.

There is a moral clarity in a lot of the courses possessed by the teachers on tobacco that would be, I think, helpful in courses on cocaine and heroin and marijuana. But I will tell you, I have found—I still find among a lot of people more wooziness about marijuana than about cigarettes. They are still not sure.

And this is a very complicated matter of culture and sociology, but I would like to hear the kind of absolutist position on marijuana expressed in elementary classrooms that I have heard so often on Marlboros.

Chairman SASSER. Thank you.

Senator Domenici.

Senator DOMENICI. Mr. Secretary, let me ask you if you would help some of us with an evaluation. Allow me to follow on the chairman's questions with reference to the grants to the States. We see the formulas for distribution in the final numbers, pooling everything, including ADAMHA, and it turns out that the grant-in-aid programs to the local level are—from what I can tell for the first time since I have been in the Senate—very, very biased against rural States.

If you look at the States that have gotten very small increases 1989 over 1990, which we now put together—we know where all the money is in a little list here. In Tennessee, we know where theirs is. They get a substantially larger increase year over year than a State like New Mexico and about 10 or 12 others.

I wonder if you could analyze and see if you could give us any help in suggesting a restructuring of some or all based on reality. We don't want any preference.

Mr. BENNETT. Yes, sure.

Senator DOMENICI. But I think the ADAMHA one is tremendously biased toward big cities, and that may be exactly right. It does seem to me, however, that when you get such a tiny, tiny increase in rural States as compared with States that have big cities, we are not coming out quite fair.

If you could just do an analysis with some suggestions for some equity, I think we might get some consideration up here.

Mr. BENNETT. We will, Senator.

Senator DOMENICI. Mr. Secretary, in reference to your response to Senator Gramm's analysis and questions regarding programs versus funding. Let me ask, on the policy of drug-free schools, as I understand it, the suggestion that you are making and that the President makes is that all the Federal grants to the public school systems at some point in time be conditioned as follows.

If you do not have a drug-free school program, you don't get these grants. Now, that is a pretty good hammer and a pretty good incentive. I would like to know, without getting into characterizing groups of people, those who oppose it, not just up here in Congress.

Those that oppose it predicate their opposition on what? You have indicated maybe it is not quite the same commitment you have. I don't know what it is. Is it that they don't think in some school districts they could even manage their school?

I think we need just a little bit of time talking about it. I am in favor of it. As a matter of fact, I went out on a limb when we were putting this bill together. I said why do we help universities that do not even have the semblance of a policy against hard drugs on campus? And I have one amendment saying that we wouldn't give any Federal assistance to universities 3 years hence that didn't have a policy against hard drugs on their campuses. That won't pass either yet.

I know what I am trying to do, but I don't understand the opposition. I have never had a hearing when I had opposition people come up and tell us why this won't work. What are they saying, not what you think, but what are they saying?

Mr. BENNETT. Well, I think they are saying give them the kind of—give them local discretion, which, you know, makes sense in a lot of contexts, but we have exceptions to it. I mean, we say, look, schools should be run by their own lights, by their own communities, but there are certain things you may not do in regard to the handicapped, in regard to civil rights, et cetera, and we are now suggesting this be treated in a similar way.

What we are saying to school authorities is that you are going to have to confront certain hard issues and hard questions on this and make certain tough decisions which are going to make your life more difficult.

And as with many institutions, they would prefer their lives to be easier rather than difficult. When you start suspending people or expelling people for drug use or drug-selling, you are going to have trouble. You are going to have lawsuits, you are going to have problems. Everybody knows that, and many schools would like to avoid it. But we think—you know, we thought it through and we think that, in the national interest, everybody just has to have that kind of trouble.

Up here in Baltimore County, they have a very tough policy on drugs. It is the toughest policy I have ever seen. It says if you are caught on or near campus or on school property with illegal drugs or alcohol, you will be expelled. It has the support of parents and students, interestingly. It also causes some administrative problems for the superintendent and the principal, but they are all convinced—that is, the parental community, the teaching community, and the students—that it has dramatically reduced drug use. Do you want to play golf or do you want to fool around? They are playing golf.

Senator DOMENICI. One related question; I will do it quickly and you can give me a brief answer, if you can. I have the same kind of concern with reference to drug testing.

Mr. BENNETT. By the way, they go to alternative schools, reform schools.

Senator DOMENICI. They do?

Mr. BENNETT. That is somewhat like the Domenici proposal, in Baltimore.

Senator DOMENICI. If they are kicked out because they can't make it——

Mr. BENNETT. They still get their education.

Senator DOMENICI. They put them in another school?

Mr. BENNETT. Yes.

Senator DOMENICI. Interesting. Now, on drug testing, I met with labor union leaders and management in one of my home cities. This had to do with potash mining, and I was absolutely amazed. They stood in front of me arm-in-arm and the labor unions and the management said we have a mandatory policy of drug testing.

Mr. BENNETT. Right.

Senator DOMENICI. Now, obviously, you understand why; they are miners. But they didn't have any of this that we are hearing around nationally. They said we give them one chance; the second time, they are out of the union and therefore out of work. It is working.

They catch them the first time, they get some help. They catch them the second time, they go home. Goodbye. We don't want them in the union and we help the management; they don't work here.

Now, I hear a different kind of rumble around. Just like I was asking you about mandatory drug-free schools, there is a lot of objection to mandatory drug testing.

What is the opposition based on, aside from that random testing may not work or that the labs may make mistakes? What is the theory behind opposition to that?

Mr. BENNETT. Well, it does work, by the way. The state of the art is such that you can get extremely reliable drug testing, and I think probably the best experience the country has had on this is with the military.

Senator DOMENICI. I know it is working.

Mr. BENNETT. Right.

Senator DOMENICI. I am saying if that was an objective fact, that would be a justification for not doing it. It isn't so.

Mr. BENNETT. It is also very popular among most workers when you ask them. When it becomes a labor-management issue for negotiations, that is when you get into problems, and there are certain areas of society where it is more problematic than others.

Any assistance you could give me with professional sports, I would welcome, because I think it is a very serious matter. And the National Basketball Association, I think, is doing an excellent job, but the others—and very public, very much an example to kids—are not doing their job on this score.

When you talk to the player reps, they will tell you, you know, make this a matter of labor-management negotiations and we will never get there. You talk to most of the players and they say if it wasn't on the table, we would accept, we would take it. But if it is something that we can, you know, set up the labor and management to be in opposition on to concede for other points or to use as leverage for one other aspect, then that is the way it is going to be.

Meanwhile, you know, kids watching the Super Bowl or the playoffs here—"x" player is back from his third bout at rehabilitation, and that breeds cynicism. It is not a good thing. You know, you can't be tougher on your 14-year-old kids in Baltimore County than you are on a 24-year-old athlete making $1 million a year. What kind of moral consistency is that?

Senator RIEGLE. Senator Domenici, would you yield just for a minute on that point?

Senator DOMENICI. I was finished, but I would be pleased to yield.

Senator RIEGLE. I think there is ground for debate on the question as to whether you have random testing for workers, but you leave management out. I don't know whether you meant to do that or not. It seems to me if you are going to go with a mandated testing program for a pervasive problem in the society, the sense that I have is that drug abuse doesn't stop at any particular economic level.

Mr. BENNETT. That is right.

Senator **Riegle**. So just so we are absolutely clear on it—and I hear Mr. Bennett saying so, that if we are going to get into these things, we are not just talking about workers.

Mr. **Bennett**. You bet.

Senator **Riegle**. We are talking about workers and management alike, I take it.

Mr. **Bennett**. Yes, sir.

Senator **Domenici**. Absolutely, Senator, and let me say in the case that I spoke of, management had it. What I was astounded at is that the labor union said we want it, too, and they made a deal with management that was consistent on both ends.

Senator **Riegle**. I just thought it was important to have that clarification.

Mr. **Bennett**. Yes, sir.

Chairman **Sasser**. Senator Robb.

Senator **Robb**. Thank you, Mr. Chairman. I apologize. I had to leave during part of the questioning. I gather from your question, however, that goes back to the age-old question of education versus treatment versus law enforcement, that the question I would like to pursue hasn't been explored, at least to the extent I would like to explore it for just a minute.

Mr. Bennett, over the last break that the Congress took, I had occasion to go down to Panama and then borrow General Thurman's plane and his G–2 and go down to Bogota and have a chance to meet with the head of the national policy and others, and visit a number of the sites where the cartel had carried out terrorist activities, killed a number of Colombian citizens, and what have you.

While I was there, a C5–A was delivering, I think it was five Black Hawk helicopters. That particular order had come through our Ex-Im financing as opposed to direct assistance. But as I was there and listening to various reports, it became quite clear that we are in the process of committing an enormous amount of money to that one country over an extended period of time in help with their effort. And I certainly join my colleagues in praising President Barco and his willingness to stand up to the traffic in that area.

But I come back again to the basic question of where we can best allocate resources. In other words, is an expenditure of that magnitude—and I must tell you that I didn't realize, coming from as many different sources, that it came to quite the total it seems to come to.

Is that the best way to expend finite dollars, or do we come back to the question that you used to wrestle with when you were Secretary of Education? I remember that you were not one who defined education as simply a pedagogical exercise, but wanted to make it much broader. And we had occasion to work, and we both had different hats on at that particular time.

It seems to me that to the extent that you are suggesting a diminished role for education today that you may be defining it too narrowly. I would suggest to you that somehow—and I don't have a clear answer to this. If I did, I would be much more up front about proposing solutions, but somehow we have got to find a way to convince our citizenry that there are consequences, that there are consequences that are psychological, they are legal, they are emotional, they are societal, they are economic. But there are clear consequences that flow from using or abusing drugs, illegal drugs, whatever the case may be.

Mr. **Bennett**. Right.

Senator **Robb**. And I think if we limit the question of education to simply a seminar or some controlled environment that we are probably not going to do it. We subscribe to the idea of the consent of the governed, and we really don't respond very well to laws that we don't viscerally somehow believe and agree with and think are important.

How can we expand that so that individuals understand that there are consequences, and then how can the rest of the effort in terms of law enforcement and the treatment question, which may have been covered in part while I was gone, but seems to me to be a terribly important part as well—how can we bring those into some sort of a mix that gives us any real hope, certainly less dramatic, less macho, but perhaps more effective in the long term in solving this problem?

Mr. Bennett. Yes, sir, excellent question, Senator. I agree with you. If we understand education, particularly education of the young, to mean every significant public action and behavior of public officials, as well as governments, in addition to a seminar, then, of course, education has a profound effect.

We teach the young through all sorts of ways—I might start with your example—even by going to Bogota. I think for young people to see the President going to Bogota, knowing that there is some risk, they will understand that this is a serious matter, and this, too, an educational moment. We shouldn't be fooling around in drugs. Look at what our President has to do, and look at what those people are facing in Colombia. It is an educational opportunity.

When you go into the classrooms and you see the educational programs that work, you can see that they don't just turn on themselves; they turn on these other signals in society. So you look at a DARE program. There are some very good DARE programs in Virginia and elsewhere, and the police officer is in there talking to the children and says why shouldn't you use drugs? And the children say because they will hurt you, and we will get in trouble with you; we will go to jail.

Now, is that law enforcement or is that education? Well, there is your mix. I mean, there is one example of your mix. It sends a very clear signal. Notice, however, not just to be obsessive about the law enforcement side of it, but if kids don't think you go to jail for dealing drugs or don't get a penalty for using drugs, the educational lesson is weakened, not just the law enforcement, but the educational lesson is weakened.

So it would be very bad if we saw it as education, or treatment, or law enforcement, or Bogota. It is all those things at the same time, pressure on all points.

Senator **Robb**. One last follow-up question, though. In terms of the mix between what we could commit to furthering that particular part of the enterprise—and I agree with you that it clearly is a mix and you have to reinforce it. The enormous amount of money that we are prepared to spend in Bogota—and I am not suggesting that we won't get results. I think we will. I got a clear impression from the authorities down there that the dollars that we spend will bring results.

But I am concerned that the focal point for the collection, the manufacture, distribution, will simply shift, will go through the Andean nations, will, in effect, corrupt the rest of Latin America and elsewhere in the world—the age-old supply/demand question. If we can't solve it on the demand side, it seems to me that we are going to always have somebody willing, for a price, to supply it.

And the question is should we spend huge amounts of money here or could we better spend some of those dollars on public advertising and information? Some of the things that are being done, I think, are good that give some sense of this, again, consequence or penalty, and it is not solely illegal that I am talking about.

Mr. Bennett. Reasonable people can disagree on this, but I might try to put it this way. Everything that matters on the supply side costs money. It just happens that way. To interdict, to help Colombia, all of it costs money.

Many of the most important things that happen on the demand side don't—changes in attitude, changes in behavior, people getting fed up. That doesn't mean we shouldn't do what is necessary on the demand side.

As a nation, I think if you looked at the record, I think one would have to say we have done better on the demand side than on the supply side. The stuff is still pouring in like crazy, but there is a 37-percent reduction in use and an absolute shift in attitudes among Americans.

Now, there is more to do at home. Some of that takes money and some of it doesn't. Reasonable people can disagree. It is a fact, Senator—and you know it better than I—when you send a Black Hawk, you have got to send a Black Hawk.

Senator ROBB. I don't want to engage in a running debate. There is obviously a long-term—it isn't just sending the Black Hawk, but it is everything that follows.

Mr. BENNETT. Yes, sure.

Senator ROBB. I think we can eradicate a lot of the effort in Colombia. I am just afraid it is going to move right down the line and we will end up having to sustain a very costly system in each of the countries. And as long as we have still got a market for it—and I have just come back from Europe and other areas. They are very much concerned about their demand side increasing. I am not sure about the 37-percent figure that you used in terms of reduction. I guess it depends on how you ask the question.

In any event, my time is up, Mr. Chairman.

Mr. BENNETT. Thank you.

Chairman SASSER. Thank you, Senator Robb.

Senator Riegle.

Senator RIEGLE. Thank you, Mr. Chairman. I want to move into a different area that we haven't had a chance to talk about at least in the time that I have been able to be present in the hearing.

You are something of a philosopher, and it takes, I think, a philosopher as well as an administrator to try to figure this problem out and determine what we should do about it. I want to ask you to think aloud with me for a minute about the economic aspect of this drug epidemic as it relates to the underclass in our society.

As I mentioned earlier, I have gone out in communities across my State of Michigan with law enforcement people as they have carried out their duties. I recall specifically in Lansing, MI, that we made a raid on a crack house, and the people that were apprehended who were selling drugs were teenagers.

One young woman who was probably 16 or 17, had a baby that was probably 4 or 5 months old. This was in a disheveled house that was being used in a neighborhood to sell crack.

And from other visits to other places, this is a common pattern. This is often what is found when the raids take place. And when you go behind that, you find that many times the young that are involved in this at the retail level and who are actually out selling the drugs come from bad family situations. They have had poor educational experiences. They face very marginal opportunities.

There are not very many job opportunities around in our society today for people who have come out of an underclass situation. In fact, just a few years ago, for people in those circumstances there was the outlet of going into the armed services. We are now in a situation where the armed services are being reduced in size and it is very competitive to get into the armed services, and so many people who might otherwise go that way to get their lives straightened out or to get some traction in life are finding that that door is closed.

All of this, it seems to me, is leading many, many younger people from underclass situations, if you will, right into the drug business because it is an economic sphere in which they can earn a large amount of money, and in economic terms it beats starting out at McDonald's or Burger King or what-have-you.

It seems to me as long as we have a situation in the society where you've got literally millions of young people coming along who come into the economic system with almost nothing to work with and no entry-level situation that is likely to draw them, and you have the alternative, albeit an illegal one, to go over and go into the drug business, that we are going to continue to see large numbers of people do that.

It is a shame that that happens. We don't sanction it, and I don't by saying it mean to in any way justify it, but only to talk about what is happening. That is what I am seeing. I am seeing a very substantial part of the retail side of the business carried out by younger people who see it as an economic avenue and as an economic opportunity where they tend not to see many others for the reasons that I have cited.

Do we have a strategy for dealing with that? In other words, "Just say no" doesn't help much with that problem and certain other things that we do in an institutional sense doesn't help much there. But as you think about this, as you think about it from a philosophical point of view and a practical point of view, what can we do about that? I mean, don't we have in a sense a set of forces there that promote and sustain the retail drug business? Don't we have a situation there where it is going to continue to burgeon and these young people are going to keep shooting each other as they are in Washington and other places as to who gets which street corner, or who gets to deal out of which crack house and so forth?

What do we do about that aspect, and how do you see it now after a year in this job?

Mr. **Bennett**. Yes, sir, I agree, and I saw the same thing on my first visit to Detroit, and I heard that lecture I have now heard 50 different times in 50 different police cars; you go by McDonald's and they point and say, "Why should they work here when they can make more out on the street?"

That is obviously the heart of the matter in many communities. I think in fact in regard to it, drugs just happen to be symptomatic. You are talking about kids who, if we stopped every bit of drugs coming into this country, would probably be getting into trouble with something. The drugs are something else. I think the generator here—you asked me to be philosophical for a moment and I will be, but only for a moment——

Senator **Riegle**. Give me some moral clarity.

Mr. **Bennett** [continuing]. Yes, some moral clarity—I think the generator here, or the generator that is missing, are the key institutions, the nurturing institutions. I don't think there is any secret or great mystery here. I don't know what we do about it. But when you go into communities which are the worst-hit, and where you see this large underclass operating in this way, and you look back at the history of these kids, you will find a certain pattern. You will find 50, 60, 70, 80 percent of them were born to unwed mothers who were 13 years old; these children were not raised. Very few of them—and a vast preponderance of boys are in this business as opposed to girls; girls are using drugs, but boys are in the business—many of these boys have never seen a positive male role model in their lives, up close—maybe on TV, but not up close. No one has raised them; they haven't been raised. And they are not ready for work because the school hasn't done its job or been able to do its job, and their alternatives are pretty bleak.

When they look out, they watch TV, and they see the nice things in life, and they see the drug dealers have them. So you could take a sort of rational consumer model that they are doing what makes a kind of rational consumer sense. Without the nurturing effects of other institutions, churches, families and schools, this is the way it is.

It is hard to sort of avoid one's own beliefs here. I was raised a Catholic, and I believe in human nature the way it is, and I believe human nature the way it is ain't the prettiest thing in the world; and I think it is families, churches and schools that shape us and control us and help us to be decent, responsible human beings. And when you don't raise kids—and this is not black, white, Hispanic; this is any kid—when you don't raise a kid, you are going to get unregenerate human nature, which is not a pretty thing.

Senator **Riegle**. But what do we do about it? In other words, they are the country's kids——

Mr. **Bennett**. Yes, sir.

Senator **Riegle** [continuing]. And they are out there in very substantial number. I see a "Clockwork Orange" type of situation developing in certain areas. I mean, when you look at what is happening, just at the homicide rate here, the shootings in front of high schools and other things. Washington, DC has in effect become sort of a war zone, with a lot of it rooted right in these problems.

I think we have to have an element of the strategy that goes to that part of the problem. I don't think we can have a long-term successful National Drug Strategy that doesn't incorporate some way of getting at the question of how those children, if you will, get reclaimed or are sort of helped into a situation where we don't degenerate into a kind of civil anarchy.

Mr. BENNETT. Well, I think it is either part of the National Drug Control Strategy, or a National Drug Control Strategy which is talking to and which is linked up with all of the major programs we have in government, Federal and State and local—welfare policy, education policy, health policy and the like—because I think you are talking about large and long-term issues.

Yes, I don't know—Senator Moynihan said not long ago that we had the single-parent family; crack now means the no-parent family. My guess is we are going to have to do a lot more in terms of adoption; my guess is I think we are going to see a lot more orphanages in this country. And it is my own personal view that unless we see a kind of renewal of what we might call generally the Judeo-Christian ethic and tradition, perhaps led by the churches in the communities we are talking about—probably led by the churches—we are not going to get there.

Senator RIEGLE. Thank you. My time is up.

Chairman SASSER. Thank you very much.

Gentlemen, Mr. Bennett had asked to be excused by noon. He has another pressing engagement. So with your permission, we will do that—

Mr. BENNETT. I have got to meet with some Andean ambassadors.

Chairman SASSER. Good. Mr. Bennett, I would appreciate a concise report from your office as to the status of the initiatives that you were requesting or wanted for the District last March, including any reasons why the administration has not sought to put these initiatives on a fast track with the Congress. We would be interested in that report.[1]

Mr. BENNETT. Sure, we'll get that to you.

Chairman SASSER. And there will be some questions for the record which I would ask you to respond to as quickly as possible.

Thank you very much for your presence here this morning.

Mr. BENNETT. Thank you, Mr. Chairman.

Chairman SASSER. The committee is adjourned.

[Whereupon, at 12:08 p.m., the committee was adjourned.]

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[1] See p. 54.

WRITTEN QUESTIONS FROM SENATOR SASSER TO MR. BENNETT AND THE RESPONSES

ASSET FOREITURE FUND

Question 1. The Permanent Investigations Subcommittee, on which I serve, has held hearings on the chaos and mismanagement in the processing and disposal of forfeited assets of drug dealers. We saw examples of money simply stuffed into boxes in a warehouse with no records kept. We heard examples of boats and automobiles rusting away. These were not assets that were required by the courts to be held for evidence. These were assets that could have been distributed with proper management.

I am particularly interested in this issue because I had a successful amendment on the 1984 Criminal Code Revision law which directs federal agencies to share the proceeds of anti-drug operations with state and local law enforcement agencies which participate in these operations.

What efforts are being taken by the Marshals Service, and other Federal agencies to improve the management and distribution of forfeited assets?

Answer. The Department of Justice has created an Executive Office for Asset Forefeiture within the Office of the Deputy Attorney General with responsibility for the overall management and improvement of the asset forfeiture program. It has oversight and planning responsibilities for the fund; determining the feasibility of uniform departmental procedures for documenting and processing forefeitures, and developing a single, integrated information system to capture and maintain information on all aspects of the forfeiture process.

The administration of the Customs Service Asset Forefeiture Fund has been the subject of an extensive review by Customs and Treasury Department officials. Program enhancements which are planned or underway include: increased audit and oversight within the Customs Service; improved training; evaluation of a Cost Plus Award Fee contract; and, enhanced Automated Tracking Systems. A new contract for the administration of the program will be awarded in the near future and a plan will be implemented for the transition to the new contractor.

RURAL DRUG EFFORTS

Question 2. I noted with interest the administration's recent announcement regarding the designation of high intensity drug areas which will receive special attention. I understand that these areas have terrible drug problems—problems that we recognized in the 1988 Anti-Drug Abuse Act. I am concerned, however, that insufficient attention will be given to rural areas and medium-sized cities.

What is your office doing to focus attention on the drug problems in rural areas and in medium-sized cities? Does the National Drug Control Strategy include any components that recognize the special problems faced by rural areas and medium sized cities?

Answer. The purpose of the high intensity drug trafficking area designations is to identify areas experiencing the most serious drug trafficking problems in the Nation and to determine the most pressing needs for Federal intervention. While many cities in the United States are experiencing substantial drug problems, it is the drug trafficking activities of organizations headquartered in New York, Miami, Houston, Los Angeles, and operating throughout the Southwest land border area which support much of those problems. Indeed, most of the drugs consumed throughout the United States flow through these areas.

Apart from the resources dedicated specifically to high intensity drug trafficking areas in Fiscal Year 1990, the President is requesting significant increases in Fiscal Year 1991 Federal assistance to States and localities in drug law enforcement and in drug use prevention and treatment efforts. The Administration has requested 13 percent increase in Fiscal Year 1991 for Federal programs that provide assistance to States and localities—apart from funds devoted to high intensity drug trafficking areas. The Federal program provides increased support for all State and local drug reduction activity to include the following:

The Organized Crime Drug Enforcement Task Forces: There are 13 regional offices that cover the entire U.S. They are comprised of agents from eight different federal law enforcement agencies under the supervision of the U.S. Attorney for the specific judicial district.

DEA State and Local Task Forces: Currently, there are 48 formal DEA State and Local Task Forces operating in Chicago, Atlanta, Detroit, Los Angeles, New York, and other areas throughout the United States.

Justice Grant Programs: These grants are for State and local programs aimed at controlling drug use and violent crime.

Domestic Marijuana Eradication Programs: These are sponsored by DEA and the Departments of Interior and Agriculture. State National Guard units carry out marijuana eradication and drug interdiction operations in support of State and local law enforcement.

Department of Housing and Urban Development grants: These can be used for security improvements, drug prevention, education, counseling, and referral activities aimed at controlling and eliminating drug use in public housing.

Drug Treatment Programs: The Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA) provides grant funding for State drug abuse treatment programs.

Prevention Programs: The Drug-Free Schools and Communities Act authorizes grants to the States for drug education and prevention activities.

LOCAL CONTACTS FOR GRANT APPLICATION

Question 3. Recently, State officials in Tennessee contacted my office to express the concerns of a number of communities that the 1986 and 1988 drug laws have created so many new programs that interested groups are having difficulty knowing exactly who to apply to for grants—in all areas, law enforcement, education, and treatment.

Answer. There were many new programs created in both the 1986 and 1988 Anti-Drug Abuse Acts. However, the administration of these programs remains substantially unchanged. As in the past, the greatest amount of Federal resources are allocated to the states through block grant funding. Each state has designated a lead agency contact for criminal justice, prevention, and treatment. These state agencies receive over 80% of the Federal dollars dedicated to fighting the drug war at the state and local level. The remaining funding is discretionary funding which is awarded at the Federal level through the three primary Federal agencies—the Departments of Education, Justice, and Health and Human Services. Even in the instance where Federal discretionary funding is awarded, program announcements on the availability of these funds can be obtained through the state agencies or by contacting the Clearinghouses responsible for disseminating information for the various Federal agencies.

One additional point should be made here. The Office of National Drug Control Policy, through the Bureau of State and Local Affairs, is available to provide this information to all individuals who wish to contact us. We are aware thay many individuals, cities, and public officials are confused by the Federal funding processes in the drug program area as in other areas. We hope that through the Bureau of State and Local Affairs, we can be a bridge to understanding for the citizens interested in fighting the drug war at the local level.

HIGH INTENSITY DRUG TRAFFICKING AREAS

Question 4. As you are aware, cities are disturbed that they see little of the increase in Federal funding for the drug wars. Only $1.5 billoin of the 10.6 billion request is for the direct assistance for State and local governments. Yet cities claim that they don't see even much of that money.

The Conference of Majors recently reported that cities only received 15 percent, of the $150 million available for law enforcement assistance in 1989.

You recently had the opportunity to provide direct assistance to some of the cities hardest hit by the drug crisis. As required by the 1988 Anti-Drug Abuse Act, you identified, 4 cities and one region as High Intensity Drug Traffic Areas—New York, Miami, Houston, Los Angeles, and the Southwest Border. Your budget requests $50 million is assistance for these areas, double the 1990 level. Under your plan, however, these cities will see *none* of this money—the money is going to supplement existing efforts by Federal agencies in these areas.

These cities are crying out for additional resources to fight the drug war in their neighborhoods and on their streets. Why have you chosen to provide no additional funding directly to these hard-hit areas?

Answer. The 1990 National Strategy is requesting $50 million for HIDTAs in fiscal year 1991. In addition, we are requesting more than $1.4 billion for drug enforcement, treatment, and prevention activities targeted on the five designated areas. The HIDTA funds are in addition to those funds already requested for the agencies' budgets. We further expect that Federal agencies will increase their allocations of resources to these areas over the course of fiscal year 1990 and fiscal year 1991.

We continue to believe that funding should go through the Governors' offices. Governors have the primary responsibility for managing Federal resources directed to their States. This allows cohesive, coordinated policy within the States. States need the flexibility to direct resources to the areas where there is the most need.

TREATMENT ON DEMAND

Question 5. I have read that you said we have 6 million hard core addicts, 3 million of whom could benefit from treatment. Yet your plan estimates Federal funding for only an additional 4,000 treatment slots, bringing the U.S. total to somewhere between 380,000 and 660,000 in the country, depending on how much State and local sources put in. By your own numbers, that would be only 13 to 22 percent of the need.

We've heard that you do not support the concept of treatment on demand. It seems to me that your treatment strategy focuses on involuntary treatment, through prison programs. If we already have waiting lists for voluntary treatment, why not try to serve a higher proportion of those who are motivated?

Answer. The administration is committed to increasing the availability of treatment for voluntary and involuntary clients alike, and to improving the quality and effectiveness of that treatment.

We estimate that at least 1 million possibly as many as 1.7 million persons will be treated in 1991. We estimate that at least 4 million persons are in need of treatment. At least 1 million (25 percent) possibly as many as 2 million (50 percent) will be encouraged or coerced to seek treatment (i.e., demand treatment services).

We suspect that your are confusing the concept of "treatment on demand" with treating everyone who has a drug problem. Not everyone wants to be treated. Not everyone is waiting to get into a program. It is unrealistic to plan to treat everyone. But it is not unrealistic to try to encourage, or if necessary to coerce, more people to enter treatment. And we should have enough slots available for all those people who seek treatment (on demand).

The President's Strategy attempts to encourage and coerce more people into treatment by funding not only treatment slots but prevention, education, workplace, and law enforcement activities to change the way people think and act about their addictions. We estimate that at least 25 percent possibly as many as 50 percent of persons in need of treatment will actually want to be treated. Our high estimate reflects our belief that more people will seek treatment as a result of our efforts.

PHARMACOTHERAPY

Question 6. Quite a bit of money has been put into drug treatment research over the past several years. Your budget requests another 17.5 percent increase this year.

Your drug strategy puts heavy emphasis on drug development as a treatment mode. That is finding new medications to reduce craving or to counteract illicit drug effects.

First, how much progress have we made?

Second, how much research funding is going toward behavioral treatment modes? Why shouldn't we be putting an equal emphasis on trying to change overall drug usage behavior?

Answer. The primary emphasis of drug treatment has been and is behavioral change of the drug user. Pharmacotherapy can only be an adjunct—however, important—to the behavioral changes that are achieved through counseling, psychotherapy, supportive therapy, behavioral techniques and educational and vocational rehabilitation.

NIDA's treatment research budget for 1990 is $150 million, and of this amount about $36 million is for pharmacotherapy. The remainder is directed toward therapies that deal more directly with the behavior of the drug abusers.

We must remember that pharmacotherapies take extraordinary amounts of time and money to develop. It has been estimated that it can take 8 to 10 years and $125 million to develop a new pharmaceutical product after it is first identified as having promise.

We have made good progress in medications development. In the treatment of cocaine addiction, for example, this reasearch has only been in progress for six or seven years. We have a list of drugs that have shown degrees of promise in treating the craving experienced by cocaine and crack addicts—desipramine, carbamazephine, bromocriptine, flupenthixol, amantadine and buprenorphine, among others. These drugs are moving into more rigorous stages of clinical trials.

Progress has been made with medications that will be very useful for treatment of opiate addiction, as well. In addition to methadone, drugs such as naltrexone and clonidine are already available and newer agents such as LAAM and buprenorphine should be available soon.

ANTICIPATING NEW DRUG EPIDEMICS

Question 7. Our research efforts also always seem to be rushing to catch up with the newest drug craze. We had crack, and we look for specific treatments for that drug. And we have a new generation of crack and a host of synthetic drugs, and have to look at a whole range of new treatment possibilities.

Isn't there a way we can look forward a little more? Is there a way to anticipate what we'll be looking at next? Can't we direct more of our research toward doing something on a more systemic basis?

Answer. Identifying new problem drugs and trends is a major concern of the National Institute of Drug Abuse (NIDA), the National Institute of Justice (NIJ) and the Drug Enforcement Administration (DEA). NIDA works primarily through the Community and State Epidemiology Work Groups (CEWG and SEWG) to identify emerging trends and new drug problems in major metropolitan areas and States, respectively. It is through the community and state epidemiology systems that the crack problem was identified and the new "Ice" problem (smokable methamphetamine) was found. NIDA also tracks the emergence and trends of drugs in emergency room and medical examiners reports via the Drug Abuse Warning Newwork.

The National Institute on Justice operates the Drug Use Forecasting (DUF) system which tracks the drug use of arrestees through urine tests. DEA performs sophisticated analyses of drug samples either seized or purchased in order to collect intelligence and identify problems in their early stages.

NIDA initiates pre-clinical research into new drugs of abuse at early dates in order to be prepared to recognize and treat the problem as it emerges in the treatment system. One of the realities of new drugs is that often we don't know what manifestation of the drug needs to be treated. It takes time before users of new drugs appear in treatment where they can be treated, observed and researched. Usually the addict is using many drugs, so it is extremely difficult to know what the "new" drug is doing apart from the other drugs being ingested.

STATE DEPARTMENT MANAGEMENT

Question 8. The State Department's Inspector General recently issued a blistering report on mismanagement in the State Department's anti-narcotics programs. The report documents that the Department's expenditure of $612 million on anti-narcotics programs "has made very little dent in the market." The I.G.'s report states that the International Narcotics Bureau is bypassed on important matters and that senior management in the Department pay little attention to narcotics matters.

A substantial portion of the proposed increase in drug control spending is going to the State Department. What are you doing to ensure that this increase will have a greater dent in the market than previous money provided to the State Department?

Answer. The President has requested $528.4 million for the State Department, AID, and USIA for their drug-related activities for Fiscal Year 1991. Of this sum, $150 million is requested for the International Narcotics Bureau specifically, a $37 million increase over Fiscal Year 1990 estimates.

The Inspector General's report that addressed INM was conducted in the summar of 1989, prior to the development of the President's National Drug Control Strategy. In that Strategy, the President elevates the drug issue as a foreign policy concern. In June 1989, Melvyn Levitsky became the new Assistant Secretary of State for International Narcotics Matters. Many of the internal changes suggested in the report have been enacted by Mr. Levitasky. His appointment reflects the commitment of Secretary of State James Baker to the issue of narcotics. In numerous public statements, Secretary Baker has made it very clear that narcotics is of high priority in his Department.

WRITTEN QUESTIONS FROM SENATOR LAUTENBERG TO MR. BENNETT AND THE RESPONSES

Question 1. You have publicly endorsed the concept of suspending the driver's license of convicted drug offenders. As you may know, I share your support for this approach and have introduced legislation to encourage States to suspend drug offenders' driver's licenses.

(a) Do you have any doubt that license suspension laws would help deter illegal drug use, particularly among young people?

(b) The Environment and Public Works Committee heard testimony that one in four drivers injured in accidents showed traces of illegal drugs. Do you agree that suspending the driver's license of drug offenders would improve highway safety?

(c) I understand that some in the administration have expressed concern that withholding highway funds from States that do not enact license suspension statutes could constitute an excessive restriction on State prerogatives. Let me outline one possible approach that would address "states rights" concerns while forcing states to at least consider suspension laws.

Last November, we heard testimony that State activists have had a hard time getting State policymakers to even take a stand on license suspension. To remedy this problem of State inaction, Federal legislation could withhold highway funds from noncomplying States, unless a State has adopted a joint resolution officially declaring that the State has considered the license suspension approach and chooses not to enact such a law. Do you think the Administration could support such a compromise?

Answer. I think license suspension laws could be an important deterrent to young people in staying away from drugs. A driver's license is an important rite-of-passage for a young person, both socially and economically. The loss of a license seems a proper, measured, and enforceable penalty against drug use. Moreover, when we deter casual users early in their lives, we reduce the possible pool of future addicts.

Regarding highway and safety and drugs, I know that drugs are a significant problem on the highways. The threat of losing one's license could improve this situation. However, I would not justify these laws simply on the basis of safety. I would argue that a license is a privilege which society bestows on its citizens. These privileges can properly be revoked as sancrtions when citizens are engaging in behavior, such as drug use, that is destructive to society as a whole. We need not justify these laws on the basis of highway safety because we know that drug use is very destructive in so many other ways.

But I also should say that it is our opinion that the driving privilege is one which has been traditionaly regulated by the States. We think that the states should each pass their own license revocation laws which suit the problems of their own State. Regarding your possible compromise, I can say that it is an interesting proposal. However, I would not want to speak for the administration as a whole, until I had received the input of my colleagues from the other agencies and departments. But if you introduce such a bill, please forward the language to may office and I will try to expedite its consideration by the administration.

Question 2. The drug problem in public and federally-assisted housing. (a) Do you have any estimate of the portion of public housing authorities that have a significant drug problem? If not, would you at least agree that the vast majority of PHA's have a significant drug problem? (b) Is the drug problem in private, federally-assisted housing comparable to the problem in public housing projects?

Answer. (a) The drug problem in public housing is one of the most serious situations faced by low-income citizens, threatening HUD's efforts to empower residents to break the cycle of poverty and improve their lives and the lives of their families. Because of this, Secretary Kemp made drug-free public housing one of HUD's six priority initiatives.

On a tour of a public housing community during his first few weeks as Secretary of Housing and Urban Development, Secretary Kemp was shocked by the open and public sale and use of drugs. As a first step in helping eradicate this problem, the Secretary asked the nation's 3,300 public housing authorities to report to him about what they are doing to eliminate drug abuse and trafficking in public housing.

HUD received approximately 1,180 responses to this request from all areas of the country. Of these, 630 reported some degree of a drug problem. Because of the open-ended nature of this request for information, it is impossible to tell exactly how accurately this sampling reflects the overall drug situation in public housing. However, HUD is currently investigating the possibility of conducting a survey of PHA's in order to more accurately measure the situation.

(b) Drug abuse and trafficking affect all of America's low-income housing resources, of which HUD-insured housing represents a signficant portion. Drug use and sales as well as the accompanying decay and attendant criminal activity exacerbate maintenance and occupancy problems. These problems obviously have an extraordinarily negative impact on the financial viability of insured developments, placing the FHA fund at potential risk for defaults and foreclosures.

HUD encourages owners to preserve low-income housing and is attempting to attract further private investment in this area. In order for this effort to be successful, low-income neighborhoods must be free from drugs. Because the private sector in several instances has already begun to address the drug problem in assisted housing in ways that are economically feasible and effective without government subsidy, HUD realizes that major federal involvement in this area may only be useful on a short-term basis. Therefore, as part of the President's National Drug Control Strategy legislative package, HUD seeks to establish a pilot grant program with a goal of expanding existing private sector programs which maker their continuance and funding by the private sector feasible.

HUD also realizes that the drug problem is not limited to public housing. Therefore, HUD will also propose to amend the Public Housing Drug Elimination Act of 1988 to make available grants to fight drug abuse and trafficking in qualified assisted housing. Such an effort will help make entire low-income communities drug-free.

WRITTEN QUESTIONS FROM SENATOR SANFORD TO MR. BENNETT AND THE RESPONSES

POLICY OBJECTIVES OF THE ADMINISTRATION

Question 1. During the Senate Budget Committee hearing on drug abuse, there was much discussion devoted to the policy objectives of the administration. Will you be asking Congress for additional policy changes or initiatives this session?

Answer. The President's second National Drug Control Strategy mentioned several initiatives that will require enactment by Congress. The administration is currently working to put these recommendations into a legislative package for consideration by the Congress. I am unsure as to when the administration will be able to transmit this package to Congress.

I would also mention that Congress still has not completed action on two important measures from the first Strategy. The Statewide treatment amendment would help both HHS and the States to determine which progams are most effective and the amendment seeking technical changes to our Special Forfeiture Fund will help us get these funds back into the war on drugs more quickly. Both these amendments are stalled in a House/Senate Conference Committee.

ACCOUNTABILITY OF DRUG FUNDS

Question 2. Do you have any way to monitor or assure accountability of drug funds sent to the States for various purposes? Are you satisfied with State performance, or do you need additional authority?

Answer. The Department of Justice, Bureau of Justice Assistance (BJA), receives reports regarding how BJA block grants are disbursed in the State. Each State report contains information on subgrantees receiving these funds, amount of funds used for each of the 21 purposes authorized by the 1988 Anti-Drug Abuse Act, and evaluation results of programs and projects funded by these grants.

The Drug Free Schools and Communities Act requires States to submit reports on their programs. In addition, the law requires the Department to evaluate the effectiveness of these programs. These reporting requirements, which are relatively recent, resulted from Congressional enactment of the 1988 Anti-Drug Abuse Act and the 1989 amendments to that act that were proposed by the Administration.

Although the ADMS block grant does not yet require States to submit information on their programs, ADAMHA is devleoping a pilot program to collect such data on a voluntary basis. The President's 1990 legislative package would require all States to devleop and implement a State Treatment Plan, which, among other things, would require the collection of key financial and programmatic information.

We are developing a State "status report" on State drug reduction activities, which will review key indicators to help us measure progress on a State-by-State basis and in our overall national effort.

District of Columbia Emergency Plan Status Report (February 1990)

Federal Commitments	Current Status
Bureau of Prisons (BOP): Construct and operate 700-bed FCI.	BOP has accelerated the development of various construction projects nationally and agreed to accept 500 more D.C. offenders into Federal prisons who are arrested as a result of Federal initiated drug activity. The U.S. Attorney for the District of Columbia recommends who will be sent to Federal institutions. Fifty-five inmates have been placed in Federal institutions pursuant to this initiative.
Bureau of Prisons (BOP) and United States Marshals Service (USMS): 500-cell pre-trial detention center	USMS/BOP last met with D.C. government officials on January 29, 1990. Progress toward building the facility -- which could hold up to 1,000 detainees -- in D.C. has occurred and discussions are ongoing. When the facility is built, Federal pretrial detainees and other Federal inmates now housed at the D.C. Jail -- presently 113 -- will be housed in the new facility and space for D.C. pretrial detainees, now housed at the D.C. Jail, will be available in the facility.

Federal Commitments	Current Status
Bureau of Prisons (BOP): Transfer of 250 Superior Court offenders to BOP facilities	As of 1/29/90, 240 D.C. sentenced defendants have been transferred to BOP facilities. There are also 800 additional D.C. sentenced defendants in BOP facilities unrelated to the D.C. Emergency Plan.
Metropolitan Area Task Force (MATF): Develop and operate task force	Ongoing: 142 arrests -- $3.5 million in asset seizures. Weapons seized: 20 rifles, 29 semi-automatic pistols, 2 semi-automatic shotguns, 8 shotguns.
Federal Bureau of Investigation (FBI): Added 25 agents to Washington Metropolitan Field Office	Successfully completed.
FBI Laboratory: Forensic analysis of D.C. drug-related shootings/homicides	Ongoing (represents 18% of the FBI laboratory's caseload).
FBI Laboratory: Training one D.C. firearms examiner and has offered to train as many as D.C. can send	Ongoing. One firearms examiner trained and a second is expected to begin training by 3/1/90.
FBI Laboratory: Train, lodge, and provide facilities for MPD firearms examiners	Ongoing; has already performed 372 firearms examinations in D.C. homicide cases.
U.S. Marshals:	
Operation STOP (July 1989)	456 criminals captured throughout Metropolitan area.
Crack House Operations (May 1989)	209 evictions conducted throughout Metropolitan Area.

Federal Commitments	Current Status
Department of Defense (DOD): Detail of ten JAG Corps lawyers to U.S. Attorney's Office	Successfully completed (9/89).
U.S. Attorney: Train ten DOD lawyers to work drug cases in D.C. Superior Court.	Successfully completed (9/89).
Department of Defense: Detail five intelligence analysts to MATF	Successfully completed (9/89).
Housing and Urban Development (HUD): Collaborated with D.C. to develop "Operation Take Charge" at the Arthur Capper's public housing project	HUD reports many improvements, lower crime rates, higher resident morale.
Permitted D.C. to take public housing evictions directly to D.C. Superior Court without Federally required administrative grievance procedures	HUD provided authority permitting D.C. to go directly to the D.C. Superior Court without use of required Federal administrative grievance procedures.
Develop regulation denying/terminating Section 8 certificates/vouchers for drug-related and violent criminal activity	At OMB for review.
Offered to reprogram $2.8 million of D.C.'s $11 million unobligated Comprehensive Improvement Assistance Program funds to maintain "Take Charge" improvements at Capper and to pay for security costs.	Meeting held on 2/14/90 with ONDCP, HUD and D.C. Housing officials to address this initiative. D.C. has submitted a formal request to reprogram the $2.8 million to complete work on the housing projects. D.C. officials and HUD representatives both indicated they have developed an amicable relationship.

Federal Commitments	Current Status
Department of Education (DOEd):	
Sign agreement with National Institute of Justice (NIJ) to support drug abuse education prevention activities in NIJ program, concentrating resources in five pilot D.C. schools.	Ongoing -- $250,000 grant for Z-1000/Smart Program awarded.
Signed agreement with Office of Juvenile Justice Delinquency and Prevention (OJJDP) to work with D.C. to develop student-centered drug prevention initiative.	Ongoing -- $300,000 grant for Project Smart awarded.
Host Kick-off event to launch new drug-free schools and communities urban initiative.	Successfully Completed (9/11) *Also, as of 1/11/90 -- DOEd's Urban Initiative, supported by the Southeast Regional Center for Drug Free Schools and Communities is in progress.
Provide technical assistance to D.C. to prepare applications for discretionary grants for training personnel in drug prevention.	Applications judged non-competitive by DOEd.
Department of Labor (DOL):	
Award of $133,250 grant to Corporation Against Drub Abuse (CADA) to work with small D.C. area businesses to encourage establishment of Employee Assistance Programs.	Awarded (9/89) [NOTE: These funds were part of a $2 million competitive grant program; DOL carved out these funds especially for D.C. businesses thereby making the grant essentially a non-competitive grant award.]

Federal Commitments	Current Status
Work with D.C. and private industry on a plan to enhance access to and effectiveness of substance and treatment facilities with job training programs in D.C. to include at risk youth.	Employment and Training Administration will provide leadership and consultation to D.C. Department of Employment Services and Private Industry Council in developing and implementing a comprehensive plan for effectively addressing the issues of at risk youth and substance abuse among Job Training Program participants.
Department of Health and Human Services (HHS):	
Conduct a two-day workshop to improve and expand the quality of services provided by D.C.'s prevention organizations.	Successfully completed (7/89).
Support a D.C. Community Leadership Action Conference to complete and implement a comprehensive implementation plan for community prevention.	Successfully completed (11/89).

The following Federal commitments and current status reports for treatment services to the District are based on information obtained from (1) a fax from HHS to ONDCP on 1/24/90 and (2) a subsequent meeting with District/NIDA/OTI officials on 2/1/90. Approximately $7.5 million has been committed to interagency agreements and cooperative agreements for the purpose of providing model treatment services to the residents of the District of Columbia:

Federal Commitments	Current Status
To fund a model diagnostic unit capable of providing screening and diagnostic assessment services for 2,000 client admissions (NIDA). The assessment services will include a computerized client referral, tracking and scheduling system. (This Federal support will allow the District to direct their diagnostic assessment resources to D.C. General Hospital where the number of drug abusers in need of diagnostic assessment services is steadily increasing.)	The District's Alcohol and Drug Abuse Services Administration (ADASA) has already leased the additional space at the ADASA Central Intake Unit at 1st, Street, N.E., which is to be used by NIDA to set up the model diagnostic unit. First, however, an RFA (Request for Application) must be released by HHS, which will allow for cooperative agreements to be established between NIDA and the treatment service providers. The RFA has been under review and is expected to be released by HHS in time for competitive contractors to respond by May 23, 1990, with monies awarded to contractors by August 1990. Based on this schedule, the initial diagnostic unit services should be operational by September 1990.
To fund two community based model outpatient units capable of handling 150 treatment slots per unit (NIDA). (The District is responsible for identifying the sites and obtaining the necessary clearances for operating the outpatient services.)	Site locations continue to be a problem. The competitive contracting process for the outpatient units is operating on the same RFA schedule as the above diagnostic unit. (Outpatient clinics must be operational within 90 days of the contract awards.)

Federal Commitments	Current Status
Therapeutic community style residential program (60 long-term residential slots, 20 short-term crisis residential slots) at the Q Building of St. Elizabeth's Hospital. The establishment of transitional apartments for graduates of the residential program to return to independent living within the community is considered the long-range goal or "phase II" of the residential treatment effort.	A concept paper outlining residential treatment services has been drafted and approved. An RFA (Request for Application) is currently being developed. In a meeting on February 1, Sterling Tucker promised to look into the possibility of using the Q Building.
Department of Defense - National Guard: For FY 1989, $2.4 million authorized for anti-drug efforts in D.C.	National Guard seized $1.4 million in crack cocaine, $1.24 million in PCP, assisted in 76 arrests, and supported 87 missions; moved 163 abandoned vehicles; boarded-up 72 crack houses; received 690 drug hotline calls; and supported many other law enforcement missions. Expended $300,000 to conduct these activities.
For FY 1990, $2.349 million authorized for anti-drug efforts.	Has expended $225,319 for pay allowances and aerial flights as of 1/31/90.

OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

Remarks by Director William J. Bennett
Press Briefing on the District of Columbia
Friday, April 13, 1990
Washington, D.C.

This may come as a surprise to some of you, but reports concerning the death of Federal anti-drug efforts in the District of Columbia are wrong. I am not here today to declare failure. By a sober assessment of the merits, I don't think that's warranted. And given D.C.'s special relationship with the Federal government, and the fact that the city still suffers a terrible problem with drugs and attendant miseries, I don't think that would be fair to Washington's citizens. There is a moral imperative involved here. I don't regret accepting the challenge we took up last year. And I don't intend to walk away from it.

In broad brush, this is where we stand with Federal anti-drug commitments in D.C. -- and with the problem those commitments are meant to address. There are four large, basic programs of Federal drug-related grants to states: a Health and Human Services/ADAMHA treatment and prevention block grant; a Justice Department/BJA law enforcement block grant; an Education Department/DFSC schools-based block grant; and a DOD/National Guard assistance grant. There are other relevant Federal grant programs, and innumerable exclusively Federal anti-drug programs obviously affect the states and localities in which they operate. But these are the basic direct funding assistance mechanisms.

Since President Bush took office last year, and following promulgation of our National Drug Control Strategy, drug-related Federal aid to the District of Columbia through these four programs has been increased by slightly more than 40 percent; on a per capita basis, this funding now totals better than two and a half times the national average. If the President's budget request for Fiscal Year 1991 is approved by Congress -- and assuming conservatively that the District's National Guard funding holds level -- then basic Federal drug-related aid to D.C. will have grown 52 percent since last September. And the special aid package we announced last spring pushes these numbers still higher. Washington remains a Federal priority in the war on drugs.

It is also an appropriate priority. The severity of the District's drug problem is well known; I needn't belabor that point. But some general assessment of progress made against that problem in the past twelve months is required. I think it's fair to say the record is mixed, spotty, incomplete -- not nearly as good as anyone would like, but also not so bad as many people might imagine.

According to the FBI's Uniform Crime Reports, D.C.'s Crime Index Total for 1989 -- a significant part of it drug-related, of course -- was up slightly: 1 percent over the previous year. That's not good news, but it is roughly consistent with the overall national trend; as a whole, cities with populations over 50,000 showed a 3 percent Crime Index Total increase in the same period. There is little good news to report about the most serious of tabulated crimes, however. As all of you know, murders in D.C.

-- many of them also drug-related -- were up sharply last year. I understand there may be indications that specifically drug-related murders in the city have fallen off recently; I will defer to city officials on any such statistics. But suffice it to say, nevertheless, that last year's D.C. murder rate -- and an apparent continuing trend into this year -- are a bitter disappointment to all concerned.

For selected indicators of drug use rates and trends -- generally speaking, my office's primary national focus -- the news in D.C. may be more encouraging. Washington has the nation's most extensive and thorough program of drug testing for arrestees. The drug use data accumulated through such programs is thought to be significant for two reasons: arrestees are a population in which drug use is especially concentrated, and use levels and trends among arrestees tend to anticipate those for the general population.

The percentage of 1989 D.C. arrestees testing positive for drugs was down in every category from levels recorded in 1988. The December cocaine percentage was the lowest recorded since September 1987, and the overall December percentage was the lowest since April 1985. Both these numbers rose slightly in January and February, and dipped back down again last month. So the general trend looks like this: 73 percent of D.C. arrestees tested positive for drugs in 1988, 67 percent in 1989, and 60 percent last month. For cocaine particularly, the numbers are 64 percent in 1988, 62 percent in 1989, and 57 percent last month. PCP, incidentally, is off sharply: from 33 percent in 1988 to 17 percent in 1989 and 10 percent last month.

I caution against premature satisfaction here; recorded levels are lower for some drugs in some other cities. But then again, we are unaware of any other city in the country that shows comparable proportional declines over the last 12 to 15 months.

Another important drug use indicator also shows some good signs for Washington. Through the Drug Abuse Warning Network (or DAWN) program, the National Institute on Drug Abuse collects statistics on the number of hospital emergency room admissions in which patients mention drug use. These numbers generally trail those for the general population; they are, in other words, some of the last major data sets in which you would expect to see suggestions of declining use.

We are seeing those suggestions in D.C., in every major category. Based on data from the first three quarters of last year, we can predict that DAWN totals for all drugs in the District will have dropped 13 percent in 1989 -- after more than doubling from 1986 to 1988. Washington DAWN totals for cocaine will be down 3 percent -- after almost quadrupling in the preceding two years. And 1989 heroin totals will be down 17 percent in D.C. -- after a 75 percent jump between 1986 and 1988.

So the news for 1989 in Washington is not altogether grim. The situation remains far from acceptable, to be sure. But at the same time, some things are moving in the right direction.

Last April, having surveyed the capital's drug problem and anti-drug response, the Federal government offered the city a package of targeted, supplemental aid -- above and beyond the basic grant programs I mentioned earlier -- in all major categories of effort: drug treatment; public housing, community, and workplace prevention; education; and law enforcement and criminal justice. I believe you have a fact sheet that describes the status of each of these several dozen programs and commitments in some detail. I won't waste time reciting from those sheets, but I will briefly offer you a review of what I think are the most important items, and how I think each is doing.

Because drug-related crime has been such an obvious and necessary focus of concern in the District, our D.C. initiative has devoted a large measure of attention to law enforcement improvements. DEA has organized and led a multi-agency Federal and local Metropolitan Area Task Force (MATF). The MATF has been operational since last July, and it has been accelerating its activities in the first few months of this year. I think all involved agencies and jurisdictions agree that the Task Force is in good shape and producing good results. All other announced and promised Federal law enforcement staff enhancements and special operations in the area are either up and running well or already successfully completed.

There have been problems with D.C. budget draw-downs on the National Guard grant for assistance to local law enforcement operations. There was a delay in submission of an appropriate plan for use of this money, and most of it was left unspent at the end of the Fiscal Year and lapsed to the Treasury. Granted, half the Fiscal Year had elapsed before Guard activities could proceed, but the city still spent a smaller portion of its allotted Guard funds than did other jurisdictions.

In the current Fiscal Year, half-completed, the District has obligated 15 percent of its available $2.349 million in drug-related National Guard assistance. The Guard is doing good, invaluable work. I think they can do more of it, I'd like to see this program pushed along, and I understand that General Franklin shares my concern and intends to intensify Guard efforts in the District.

Because chronic prison and detention space shortages have long reduced the desired impact of aggressive law enforcement activities in Washington, correctional facility expansion has also been high on our list of local priorities. Enhanced Federal drug initiatives in D.C. would obviously produce additional sentenced Federal offenders, so there was a need for more space in the Federal Bureau of Prisons (BOP) system. We had initially intended to construct and operate a new Federal prison at an identified area site, as you know; this project has now entered the American "not in my backyard syndrome" lore, and enough said about it.

But the practical objective of the plan is being achieved through acceptable alternative means. BOP has significantly moved up construction of several other planned prisons, and has agreed to prosecute and accept 500 additional D.C. offenders in Federal prisons around the country. This commitment, with the concurrence and active participation of District officials, is on-going, on track, and accelerating in the first few months of this year. Moreover, 250 additional D.C. Superior Court offenders are now being housed in BOP facilities on a revolving basis -- over and above the 1900 already similarly housed.

Pre-trial detention space has been a serious problem for the District for many years and -- quite honestly -- continued lack of progress on this front is a frustrating disappointment. The Federal government stands ready to provide $70 to $80 million for construction and operation of a 500-cell detention center, and has identified plots of Federally-owned land as suitable and appropriate for such use; to date, none has been accepted by D.C. officials. Federal money remains set aside and available for this facility, and we continue to hold meetings with District representatives in an effort to jog this loose. We are still hopeful that they can and will accept a site for this project in D.C.

On the drug treatment side, things are generally progressing well. Again, over and above still sharply increasing ADAMHA block grant funds to the city, HHS has committed $7 million to special cooperative programs designed to expand and pilot treatment services in Washington. Early last month, working with D.C. officials, NIDA formally released a Request for Applicants (RFA) covering establishment of a model diagnostic unit in the District. This unit will provide centralized treatment screening, assessment, referral, tracking, and scheduling services for 2,000 client admissions each year. Applications are due in May; funding will be released in August or September; and the unit should be operational before the end of the year.

NIDA is also planning to establish two community-based outpatient units in Washington, with a total of 300 treatment slots able to serve roughly 750 clients each year. These units are covered by the same RFA, and they too should be operational before the end of the year.

Finally, NIDA intends to fund a model residential treatment program in Washington this year, with 80 beds able to serve approximately 600 clients annually in a combination of long-term and short-term "crisis" slots. Again working with D.C. officials, NIDA released a separate RFA for this project last month, on the understanding that it would be housed in a building at St. Elizabeth's Hospital. Since then, I'm told that 80 District mental patients now occupy that building, but I also understand that the city has assured NIDA that these patients will be relocated -- or a suitable alternative site identified -- and that the program will go forward as planned, before the end of the year.

The varied drug prevention programs and grants offered to the city by HHS; HUD; and the Departments of Justice, Labor, and Education have almost all been successfully completed or are currently underway, on track. Significant Arthur Capper housing project improvements are in place, and at HUD's suggestion, D.C. has filed a request to reprogram $2.8 million in unobligated housing funds toward maintenance of those improvements and to pay security costs. There's been one minor disappointment: a city application for discretionary Education Department teacher training funds was judged non-competitive under formal criteria and rejected. Rules were rules, in this case; I think everyone involved is willing to try again. Otherwise, I think it's true that all major Federal/D.C. school, workplace, and community prevention efforts are in good shape.

So what's my bottom line? The city of Washington is still in trouble. Helping fix that trouble is not easy -- has not been easy -- as I knew and said last year at this time. Work in some very serious areas, on some very serious subjects, is not as far along as I'd like to see. But progress in some other serious areas has been made, and shouldn't be minimized.

I think the Federal government has done the right thing by offering assistance to Washington. We have kept the promises we made to Washington's residents last year. Those residents are mobilizing, neighborhood by neighborhood, to take back their homes and streets and schools. I intend to finish the work we set out to do for them. And there are D.C. officials who are similarly determined, and working with us: Mr. Tucker, Chief Fulwood, Ms. Thompson, and many others.

Let me put this in some perspective. Since last September, I've travelled to more than 40 cities across the country, and I've observed first-hand how the war on drugs is being waged -- and should be waged. I have been encouraged. Yes, there are still lots of problems. But I believe the country is on the mend. It takes solid, aggressive local effort -- and substantive, persistent Federal support. I do think we'll get where we need to go. And I think there are now signs that the District of Columbia can get there with us.

OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

D.C. EMERGENCY ACTION PLAN
Status Update: April 1990

DEPARTMENT OF JUSTICE

Federal Bureau of Prisons and U.S. Marshals Service

- **Construct and operate 700-bed Federal prison.**

  --BOP accelerated construction of several Federal prisons and agreed to accept 500 more offenders convicted in Federal District Court into prisons nationwide. As of 4/10/90, 75 prisoners have been placed in Federal prisons as a result of this initiative.

- **Contract for construction of a 500-cell pre-trial detention center to be built and operated by a private contractor on public land.**

  --Modified and continuing. When funding became available in Fall 1989, Justice reprogrammed sufficient funds to construct a Federal metropolitan detention center in the District. D.C. Government continues to work with BOP to identify sites for this facility. The project remains a very high priority for BOP.

- **Transfer 250 Superior Court offenders to BOP facilities with additional transfers to be made as inmates are released.**

  --Completed and continuing. A total of 258 sentenced D.C. Superior Court offenders have been transferred to BOP facilities.

- **Evict illegal occupants from crack houses.**

  --Completed and continuing. In a special operation carried out between 5/17-5/22/89, the U.S. Marshals completed 209 crack house evictions. In FY 1989, the total was 249. In FY 1990 (as of 4/11/90), occupants have been evicted from 88 crack houses.

- **Operation STOP to apprehend fugitives in D.C./Baltimore area.**

  --Completed 7/89. Operation STOP, a cooperative (Federal, State, and local) program led by the U.S. Marshals to take dangerous drug offenders off the streets, netted 456 career criminals including 25 persons charged with drug-related murders in the D.C./Baltimore area.

Drug Enforcement Administration

- **Develop and operate a metropolitan area drug task force.**

  --Completed and continuing. Metropolitan Area Task Force (MATF) became operational in July 1989. Since then, MATF has made 271 arrests, seized $4.5M in assets, and removed 20.5 kilograms of cocaine, 6 kilos of crack, 3 kilos of heroin, and 63.5 kilos of marijuana.

U.S. Attorney for D.C.

- **Train ten DOD lawyers to work drug cases in D.C. Superior Court.**

  --Completed 9/89. Lawyers still on staff. On 3/30/90, the U.S. Attorney requested that the detail for these lawyers be extended for another year.

- **Narcotics Trial Unit to prosecute additional drug cases from D.C. Superior Court.**

  --Completed and continuing. Unit created 2/90 as part of reorganization of Criminal Division. As of 4/90, thirteen additional lawyers on staff prosecuting D.C. Superior Court offenders in U.S. District Court.

Federal Bureau of Investigation

- **Add 25 agents to Washington Metropolitan Field Office.**

  --Completed and continuing. Twenty-five FBI agents permanently added as of 9/18/89.

- **Forensic analysis of D.C. drug-related shootings/homicides.**

  --Completed and continuing. Represents 20% of the caseload of the FBI's Laboratory's Firearms-Toolmarks Unit.

- **Training of firearms examiners for the D.C. Metro Police Department.**

  --Completed and continuing. Two D.C. firearms examiners are now in training; a third will be added in 7/90.

Office of Juvenile Justice and Delinquency Prevention (OJJDP):

- **Sign agreement with Department of Education to develop student-centered drug prevention initiative.**

  --Completed and continuing. Agreement executed on 8/30/89. On 9/1/89, $300,000 grant awarded to National Crime Prevention Council to implement Students Mobilized Against Drugs (SMAD) programs.

- **Provide grant to establish Drug Free School Zones in the District.**

  --Completed and continuing. On 9/1/90, OJJDP awarded a $75,000 grant. A supplemental grant of $75,000 will be awarded in 4/90.

National Institute of Justice (NIJ):

- **Sign agreement with Department of Education to support drug abuse education and prevention activities through NIJ's School Management and Resource Teams (SMART) Program.**

  --Completed and continuing. Agreement executed on 7/14/89. As of 4/90, $427,000 in grants will be awarded to the SMART Program, which will be evaluated in five D.C. schools. On 4/28/90, a series of special programs will be initiated.

DEPARTMENT OF DEFENSE (DOD)

- **Detail ten JAG Corps lawyers to U.S. Attorney's Office.**

  --Completed and continuing. All ten lawyers on staff as of 9/89. On 3/30/90, the U.S. Attorney requested that the detail for these lawyers be extended for another year.

- **Detail five intelligence analysts to MATF.**

  --Completed and continuing. All five analysts on staff as of 9/89 and still there.

- **Provide $2.4M in FY 1989 for National Guard funds to assist with D.C. anti-drug efforts.**

  --Federal funding authorized. Only $263,000 (11%) expended by D.C.; more than $2.1M of funds lapsed.

- **Provide National Guard funding to D.C. in FY 1990.**

--$2.349M authorized for N.G. anti-drug efforts in FY 1990. As of 3/31/90, the D.C. National Guard reports that it has obligated 15% of these funds.

HOUSING AND URBAN DEVELOPMENT (HUD)

- **Collaborate with D.C. to develop "Operation Take Charge" at the Arthur Capper's public housing project.**

  --Not yet completed. On 9/1/89, HUD suggested that D.C. request reprogramming of $1.9M of its $11M in unobligated Comprehensive Improvement Assistance Program (CIAP) funds for "Operation Take Charge" and security costs at Arthur Capper Project. On 3/28/90, D.C. submitted a request to reprogram $2.8M in CIAP funds. HUD is reviewing the request.

- **Permit D.C. to take public housing evictions directly to D.C. Superior Court without Federally required administrative grievance procedures.**

  --Completed.

- **Develop regulation denying/terminating Section 8 rent subsidy certificates/vouchers for drug dealers and users.**

  --Completion expected 5/90. Regulation in HUD clearance.

- **Public Housing Summer Youth Sports Program Grant.**

  --Completed. HUD awarded $25,000 recreation grant on 12/4/89. As of 4/11/90, D.C. has agreed to provide $25,000 in matching funds needed to implement the program in Summer 1990.

DEPARTMENT OF EDUCATION (ED)

- **Sign agreement with National Institute of Justice to support drug abuse education and prevention activities through NIJ's School Management and Resource Teams (SMART) Program.**

  --Completed and continuing. Agreement executed on 7/14/89. As of 4/11/90, $427,000 in grants awarded to the SMART Program, which currently is being evaluated in five D.C. schools. On 4/28/90, a series of special programs will be initiated.

- **Sign agreement with Office of Juvenile Justice and Deliquency Prevention to develop student-centered drug prevention initiative.**

--Completed and continuing. Agreement executed on 8/30/89. On 9/1/90, $300,000 grant awarded to National Crime Prevention Council to implement Students Mobilized Against Drugs (SMAD) programs.

- **Launch new drug-free schools and communities urban initiative.**

  --Completed 9/11/89 (kick-off event) and continuing. Includes District-wide needs assessment, programs for elementary, junior high, and high school students, and school/community team training.

- **Provide technical assistance to D.C. to prepare applications for discretionary grants for training teachers in drug prevention.**

  --ED provided assistance; D.C.'s application did not rank high enough compared to other applications and ED did not fund.

DEPARTMENT OF LABOR (DOL)

- **Award $133,250 grant to Corporation Against Drug Abuse (CADA) to work with small D.C. area businesses to encourage establishment of Employee Assistance Programs.**

  --Completed. Grant awarded 9/89.

- **Provide funding for demonstration planning grant aimed at creating job opportunities for youth.**

  --Completed 8/89. D.C. awarded $75,000 grant for Youth Opportunities Unlimited (YOU) program.

DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)

- **NIDA to fund a model diagnostic unit capable of providing screening and diagnostic assessment services for 2,000 clients per year. The assessment services will include a computerized client referral, tracking, and scheduling system.**

  --Not completed. Completion expected by 11/90. RFA issued on 3/2/90; applications due 5/23/90. Funding to be awarded 9/90.

- **NIDA to fund two community-based model outpatient units capable of delivering a total of 300 outpatient treatment slots. (300 slots provide outpatient services to**

approximately 750 clients per year.)

--Not completed. Completion expected by 11/90. RFA issued on 3/2/90; applications due 5/23/90. Funding to be awarded 9/90.

- **NIDA to fund an 80-bed therapeutic community style residential program with 60 (6-month) residential slots and 6 months of aftercare services, and 20 short-term (14-days or less) "crisis residential" slots at the Q Building of St. Elizabeth's Hospital.**

  --Not completed. NIDA issued RFA on 3/30/90 with applications due 6/12/90. Funding will be awarded on 9/90. On 2/15/90, D.C. offered a site at St. Elizabeth's Hospital which still houses mental patients. Awaiting D.C.'s next response or relocation of patients.

- **Support a D.C. Community Leadership Action Conference to implement a comprehensive community prevention plan.**

  --Completed, conference held 11/89.

National Drug Control Strategy

Executive Summary

January 1990

National Drug Control Strategy

Executive Summary

In accordance with the Anti-Drug Abuse Act of 1988, the President presented his first National Drug Control Strategy on September 5th, 1989. The Act requires that subsequent National Strategies be submitted each year by February 1.

The 1990 National Drug Control Strategy, released on January 25, is a companion volume to the Strategy published last September. Like its predecessor, this Strategy presents a coordinated and comprehensive plan involving Federal, State, and local government; the private sector; schools, colleges, and universities; churches and other religious groups; and countless community organizations. The September Strategy described our national drug problem and sketched the broad outlines of national drug control policy; this volume of the Strategy lays out, in considerable detail, what Federal drug policy will look like when implemented: the activities and responsibilities of Federal departments and agencies; specific initiatives to begin in this fiscal year; and the funding necessary to carry forward the Administration's policy. Throughout the Strategy, State and local governments are urged to devise drug plans and devote the needed resources to drug control activities so that they can become full partners in a national policy.

The fundamental principle of the National Strategy remains firm: to reduce drug use through a mix of supply and demand policies. All the initiatives and proposals contained in the first Strategy are still a part of the Administration's national drug policy; this second volume builds on it and closely examines the component parts of a comprehensive drug plan.

The 1990 Strategy follows the same format as the first Strategy. Seven chapters (The Criminal Justice System; Drug Treatment; Education, Community Action and the Workplace; International Initiatives; Interdiction Efforts; A Research Agenda; and An Intelligence Agenda) present a thorough discussion of issues, policies, and programs related to our national drug control activities. The Administration's formal designation of High Intensity Drug Trafficking Areas and a broad review of Federal drug program management issues and budget proposals are included as appendices.

For Fiscal Year 1991, the Administration is seeking $10.6 billion in drug-related funding — a $4.3 billion (69 percent) increase since taking office twelve months ago and a $1.1 billion (12 percent) increase over Fiscal Year 1990. Additional detail on the National Drug Control Budget will be available in the "Budget Summary," a separate publication to be released January 29, 1990.

Highlights From The January 1990 National Drug Control Strategy

The Criminal Justice System

Expanded Organized Crime Drug Enforcement Task Forces

- An additional $115 million sought to provide more investigators and agents, additional financial crime specialists, intelligence analysts, and criminal attorneys.

Additional DEA and FBI agents

- $151 million more sought for additional DEA agents and support personnel.
- Expansion of DEA technical, communications, and information capabilities.
- More FBI agents, analysts, and foreign language specialists.

Expanded Precursor Chemical Program

- Operation Chemcon, a DEA-Customs program, to be extended to all domestic ports of entry to seize smuggled chemicals essential for illegal drug production.

Strengthened Prosecutorial Resources

- 700 additional U.S. Attorneys and staff (mandated by the President's Violent Crime Initiative) for drug-related cases to be in place by Fiscal Year 1991.
- Additional attorneys and staff for the Criminal and Tax Divisions of the Justice Department.

More U.S. Court Capacity

- Call for Congress to create 75 new Federal judgeships.
- Additional court clerks, administrators, court officers, and legal services for indigent defendants.

Expanded Federal Prison Capacity

- Funding for over 6,000 new beds for the Federal prison system in Fiscal Year 1991.

Proposed Legislation on the Federal Death Penalty

- Proposed legislation to make the death penalty available in cases involving three additional categories of drug offenders: major drug kingpins; drug kingpins who attempt to kill in order to obstruct justice; and Federal drug felons whose offense results in death.

Drug Treatment

Improved Drug Treatment Services

- A total of $1.5 billion for drug treatment grants and Federal treatment programs.
- Creation of the Office of Treatment Improvement within the Department of Health and Human Services to provide national leadership in drug treatment and focus on the quality and effectiveness of treatment methods.

Innovative Treatment through Demonstration Projects

- Approximately $200 million for treatment programs directed at adolescents, pregnant women and infants, in addition to treatment "campuses" and treatment evaluation and referral programs.

Treatment for Pregnant Women and Infants

- $6 million to improve outreach and treatment services for drug-affected babies.

More Comprehensive Drug Treatment

- Increased vocational counseling, training services, and aftercare for recovering drug addicts.

Education, Community Action, and the Workplace

More School-Based Drug Education Programs

- Efforts aimed at high-risk and minority youth.
- Expanded school drug prevention programs and evaluations.

Community Drug Prevention

- $102 million in incentive grants for communities that create broad-based, comprehensive, local prevention programs.

Drug-Free Public Housing

- $150 million for the Public Housing Drug Elimination program.

Drug-Free Workplace

- Cooperation with the private sector to develop drug-free workplace programs.

International Initiatives

Expanded Andean Strategy

- $206 million of increased military, law enforcement, and economic assistance to Colombia, Peru, and Bolivia.

Increased Cooperation with Mexico

- Cooperative law enforcement efforts with Mexico to include drug-related investigations, money laundering disruption, and the enhancement of Mexican drug interdiction programs.

Strengthened Financial Crimes Enforcement

- Money laundering and other drug-related financial crimes to become an Administration priority through the Department of Treasury's Financial Crimes Enforcement Network (FINCEN) and the multi-agency Drug-Related Financial Crimes Policy Group.

Interdiction Efforts

Focus on the Southwest Border

- Increased numbers of Customs Inspectors and INS Border Patrol personnel along the Southwest border.

Larger Department of Defense Role

- Expanded Department of Defense role in the detection and monitoring phase of drug interdiction.
- Department of Defense support to border control agencies.

A Research Agenda

Wider Range of Basic Drug Information

- Better estimates of production and consumption; the economic impact of drugs; criminal justice simulation models.
- Expanded survey research on drug use.

Regional and State Measures of Progress

- Development of an annual "status report" on State drug use indicators and drug control efforts.

Medical and Scientific Research

- Expanded research on drug addiction and pregnancy, AIDS and drugs, and medications development.
- Broader drug detection technology and law enforcement research.

An Intelligence Agenda

National Drug Intelligence Center

- Creation of a National Drug Intelligence Center to coordinate and consolidate drug intelligence from all law enforcement agencies, and produce information regarding the structure, membership, finances, communications, and activities of drug trafficking organizations.

High Intensity Drug Trafficking Areas

Five Areas Designated as HIDTAs

- New York, Los Angeles, Miami, Houston, and the Southwest border to be formally designated as High Intensity Drug Trafficking Areas.
- $50 million to be devoted to these areas to intensify law enforcement and interdiction activities.

HUNGER AND AMERICA'S CHILDREN

TUESDAY, FEBRUARY 20, 1990

U.S. SENATE,
COMMITTEE ON THE BUDGET,
Washington, DC.

The committee met, pursuant to notice, at 10:08 a.m., in room SD-608, Dirksen Senate Office Building, Hon. Jim Sasser (chairman of the committee) presiding.

Present: Senators Sasser, Riegle, Simon, Robb, Domenici, Grassley, and Bond.

Staff present: John L. Hilley, staff director; John Callahan, deputy staff director; and Jeff Coleman, senior analyst for budget priorities and income security.

For the minority: G. William Hoagland, staff director; and Jeremy Tachau, junior analyst for income security.

OPENING STATEMENT OF CHAIRMAN SASSER

Chairman SASSER. The committee will come to order.

If Dr. Sidel and Dr. Dietz would take their places here at the witness table, why, we'd be ready to get underway in short order.

I want to welcome both of you here today and begin by saying that today the Senate Budget Committee holds a hearing on one of the most compelling domestic issues of our day, and that is hunger in America.

Now, to most Americans, hunger is something that doesn't seem to strike home. But I have learned from my own experiences in my State that hunger is present, it is abundant, and it strikes particularly the most vulnerable in our society: the very youngest and, on occasion, the oldest.

I have heard testimony from mothers in the mountainous areas of the State of Tennessee wherein they would testify that when it came towards the end of the month, they would go hungry in an effort to see that their children got the remnants of the food that was left at the end of the month until they could qualify for additional support at the first of the month.

Now, we don't have famines or starvation here in the United States, thank God, although that is prevalent in the Third World countries.

Experts on hunger tell us that 1 billion people, 20 percent of the world's population, are chronically undernourished, and that hunger claims 13 to 18 million lives a year. That is 35,000 people a day. To give you some idea, that would be about two Army divisions. And think of the uproar that might be occasioned in a war in which two Army divisions perished every day, 365 days a year.

Thankfully, we do not have famines or mass starvation here in the United States, but we do have a serious hunger problem.

I think hunger in America, or in the United States, springs from relentless grinding poverty, and, indeed, I have seen that in the Appalachian section of our own country. Indeed, our children are among the poorest in our population. One out of every five children in this country lives in poverty. And as the chart [1] there indicates, one out of every seven children in the United States that happens to be white is poor. If you are a black child, your chances of being poor go up to four in nine. If you are Hispanic, they decline slightly to three poor children out of every eight.

The younger the child is, the more likely it will be poor. Under the age of 3, one in four children are poor. Between the ages of 3 and 5, two out of every nine children are poor. Between the ages of 6 and 17, there is some improvement; 2 in 11 children are poor. And we see that if it is a female-headed family, the chances of the children being poor are one in two. And the younger the family is, the more chance that the children that are in that family will be poor.

And where there is poverty, there is surely hunger. Recent studies indicate that more than 9 million American children are hungry or are at nutritional risk; 2 to 5 million of these children may have severe hunger problems.

Several State surveys have found anywhere from 20 to nearly 50 percent of all low-income children have chronic hunger problems.

Now, in the face of this evidence, the budget that the administration has presented to us this year cuts almost half a billion dollars from the child nutrition budget. It freezes the food stamp program which helps the poor and distressed families put food on the table. It is a budget that goes in the wrong direction, as far as hungry Americans are concerned.

In contrast, I believe that this Congress will support a hunger budget that maintains a higher level of nutrition funding for families with children, for school breakfast and for other child nutrition programs, and for a continuation of emergency food assistance programs which serve millions of a meals a year.

Today, we are going to hear from health and nutrition experts who will tell us about the impact of hunger on American families and children and how we might assist in alleviating their problems.

But perhaps even more importantly, we will hear from mothers who worked hard to keep their children from going hungry. They know the problem of hunger on a firsthand basis, and the committee will most surely benefit from their personal experiences and their insights on how we might combat the problem of hunger in the United States.

[The charts and background data of Chairman Sasser follow:]

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[1] See p. 162.

BUDGET

Senate Committee on the Budget
Senator JIM SASSER, Tennessee, Chairman

Room 621 Dirksen, Washington, D.C. 20510
202/224-8695

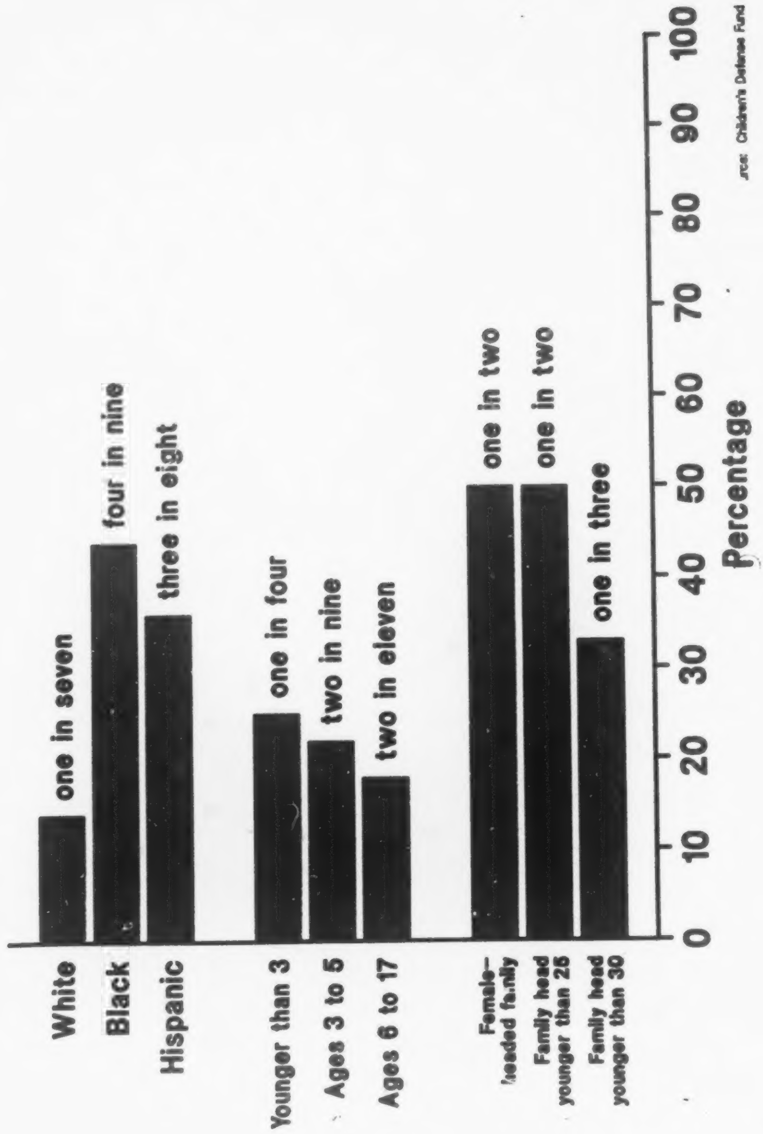
U.S. SENATE BUDGET COMMITTEE HEARING

"HUNGER AND AMERICA'S CHILDREN"

FEBRUARY 20, 1990

CHARTS AND BACKGROUND DATA
ON HUNGER AND POVERTY

The Chances of a U.S. Child Being Poor



rce: Children's Defense Fund

CHILDREN IN AMERICA

POOR

12.4 MILLION

"HUNGRY"

2 - 5 MILLION

"HUNGRY" OR "AT RISK OF HUNGER"

MORE THAN 9 MILLION

AVERAGE COST OF MAINTAINING LOW-BIRTHWEIGHT BABY

(Intensive Care Clinic, Vanderbilt University
Children's Hospital, Nashville, TN)

$23,708

AVERAGE ONE-YEAR COST OF WIC PROGRAM FOR A LOW-INCOME MOTHER AND NEWBORN BABY

(Tennessee)

$787

OTA: SAVE BETWEEN $14,000 AND $30,000

FOR EVERY LOW-BIRTHWEIGHT BABY

THAT IS AVERTED

HUNGER AND POVERTY

Nearly 32 million Americans live below the poverty line.

**The poverty rate for all persons was 13.1 percent in 1988, a year of modest economic growth and low unemployment. In no year during the 1970's, including the recession years of 1974 and 1975, was the poverty rate this high.*

**Nearly 20 percent of all U.S. children are poor, an increase from 16 percent in 1979. The poverty rate was 44.1 percent for Black children and 37.8 percent for Hispanic children.*

**In 1988, 12.4 million children were living in poverty, as compared to 10.2 million in 1979.*

**One in every two Black children under age six is poor.*

**For Black children, 57% living in rural areas are poor compared to 46.2% in central cities.*

**Poverty rates between 1978 and 1987 rose from 13.5 percent to 16.9 percent in rural areas and from 15.4 percent to 18.6 percent in central cities.*

**The Census Bureau has estimated that cash benefits lifted from poverty only 10.5 percent of families with children compared to 18.9 percent lifted from poverty in 1979. AFDC benefits fell roughly 25 percent in real terms between 1975 and 1987.*

**Combined benefits from AFDC and Food Stamps brought a poor household to only 66.3 percent of the poverty level in 1988, a decrease from 70.9 percent in 1980.*

**The poverty rate among women is much higher than among men. In 1988, 12.9 percent of adult women were poor compared to 8.3 percent of adult men.*

**Nearly half of all poor renters-some 3 million households--paid at least 70 percent of their income on housing in 1985.*

**Hunger is a condition of poverty. In 1985, the Harvard's Physician Task Force on Hunger in America estimated that 20 million people, or one in twelve Americans suffered from hunger at least some time every month.*

COMMUNITY CHILDHOOD HUNGRY IDENTIFICATION PROJECT FINDINGS ON CHILDHOOD HUNGER

**2 to 5 million low income children in the U.S. today are hungry.*

**More than 9 million children are hungry or are at risk of being hungry.*

**44 percent of the children from families with insufficient food supplies ate nothing for lunch.*

**In 1987, 18 percent of low-income families with children in a New Haven, Connecticut neighborhood were found to be chronically hungry and 47 percent were at risk of being hungry.*

**In 1988, the Washington State Governor's Task Force on Hunger reported that chronic hunger among low-income families with children in three regions of the state ranged from 21 to 42 percent.*

**Hungry children were more likely to have a variety of health problems--fatigue, frequent colds, an inability to concentrate, irritability and weight loss--at levels significantly higher than children from non-hungry families. These health problems among hungry children were strongly associated with more absenteeism from school.*

**Hunger has a negative impact on children's ability to learn. Children who do not eat breakfast perform poorly at school.*

**93 percent of hungry families reported that Food Stamp benefits did not last all month.*

**Single female-headed households were more likely to be living below the poverty level than other households. The total income of these households averaged 74% of the poverty level.*

**In the state of Texas, a statewide survey of nearly 2,000 emergency food providers revealed that the number of people requesting food assistance more than doubled from 1984 to include nearly four million people a year by 1986.*

**The average shelter cost for hungry families was 55 percent of their income.*

EMERGENCY FEDERAL ASSISTANCE

*In every year since 1982, the U.S. Conference of Mayors has documented an increase in the demand for emergency food assistance.

*The demand for emergency food assistance _increased_ in all but one of the surveyed cities by an average of 19 percent in 1988.

*The demand by families with children _increased_ in more than 9 out of every 10 cities surveyed.

*In 81 percent of the survey cities, emergency food assistance facilities were relied upon by families and individuals _both_ for emergencies and as a steady source of food over long periods of time.

*In nearly 3/4 of the cities, emergency food assistance facilities must turn away people in need because of lack of resources.

SOURCES

1. _A Status Report on Hunger and Homelessness In America's Cities: 1989_. The United States Conference of Mayors.

2. _A Vision for America's Future_. Childrens's Defense Fund.

3. _Poverty in Rural America, A National Overview_. Center on Budget and Policy Priorities.

4. The Community Childhood Hunger Identification Project. Food Research and Action Center (FRAC)

Prepared by Angela Nicholas
Senate Budget Committee, Majority Staff
February 1990

THE CHANCES OF A U.S. CHILD BEING POOR

If:

White	*One in Seven*
Black	*Four in Nine*
Hispanic	*Three in Eight*
In a Female-headed family	*One in Two*
Younger than Three	*One in Four*
Three to Five	*Two in Nine*
Six to Seventeen	*Two in Eleven*
The Family head is younger than twenty five	*One in Two*
The Family head is younger than thirty	*One in Three*

(Children's Defense Fund)

THE STATUS OF CHILDREN IN THE U.S.:
International Ranking

Infant Mortality Rate	*19th*
Mortality Rate for Children Under the age of 5	*22nd*
Low-birthweight Births	*19th*
Childhood Poverty (among eight industrialized countries)	*8th*

(Children's Defense Fund)

Chairman **Sasser**. We will turn now to Senator Domenici, the distinguished ranking member, for any statement or observation he might wish to make. Senator Domenici.

OPENING STATEMENT OF SENATOR DOMENICI

Senator **Domenici**. Thank you very much, Mr. Chairman.

I would just note with reference to the President's budget, the $500 million number is correct. However, I think it is only fair to the President to indicate that most of that $500 million comes out of the school lunch program. Essentially it is because he said that we shouldn't be providing free lunch to those above 350 percent of poverty. Now, there may be a disenrollment problem there because the school cafeteria may not continue to work, but I am not at all sure that with the other problems that we have that we ought to support 350 percent of poverty nutrition programs, even in a school lunch program. But we will deal with that later.

I just want to say to both of you, I am really not interested in politics today. Some may think this is a political or an ideological issue. It isn't for me. What I would like to know is what do we do to improve the situation. What should we be looking at? We haven't done anything very innovative. Most of the programs we are talking about are building on programs we have had. Some are being funded at slightly higher levels than in the past. It may very well be that we ought to find a better way to do this.

I also would ask of both of you that you address the issue of poverty and hunger together, because I do note that while there is a great discussion about poverty in the United States, from 1983 to 1988 poverty is down not up in terms of the measurement the Census Bureau makes. Now, maybe we are defining it wrong. But from a high of 15.2 percent in 1983 we are down to about 13.1 percent in 1988 according to the Census Bureau in terms of people in poverty. Maybe there is something else we should know about that, but at least I start with that premise. And I do genuinely state that for the record, and I am extremely interested in what we ought to do differently.

If it is your opinion that we should fund existing programs substantially more, then I'd be interested in knowing how you think that would really have an impact. I am not at all sure that is the way to go. It may be something more fundamental, something very complex, that is a combination of a lot of things other than a program that couches itself in nutrition. There are obviously social problems that contribute to poverty that are not just related to nutrition. I am interested in what you have to say about how we ought to improve things.

Thank you very much, Mr. Chairman.

Chairman **Sasser**. Thank you, Senator Domenici.

We will turn first to Dr. Sidel. Dr. Sidel, we are very pleased to have you with us this morning.

I might indicate that we are trying to hold our witnesses to about 10 minutes per witness on their opening statements today.

I might also by way of introduction indicate that Dr. Sidel is the Distinguished University Professor of Social Medicine at Montefiore Medical Center and the Albert Einstein College of Medicine in the Bronx in New York. He is the past president of the American Public Health Association and of Physicians for Social Responsibility. He is a member of the Physicians Task Force on Hunger in America and the principal investigator for the New York State Hunger Watch, among other things.

So, Dr. Sidel, we are delighted to have you here this morning, and you may proceed as you wish.

STATEMENT OF VICTOR W. SIDEL, M.D., DISTINGUISHED UNIVERSITY PROFESSOR OF SOCIAL MEDICINE, MONTEFIORE MEDICAL CENTER, ALBERT EINSTEIN COLLEGE OF MEDICINE

Dr. SIDEL. Thank you, Mr. Chairman. With your permission, I will ask that my testimony in its entirety be put in the record. Then I can summarize it within the 10-minute limit for the testimony this morning.

Chairman SASSER. It will be included in the record.[1]

Dr. SIDEL. Thank you, sir.

Let me say, Senator Sasser, Senator Domenici, how pleased I am to be at these hearings this morning. I have had the privilege of testifying before other committees of the Senate and of the House, but I feel that the Senate Budget Committee is so important in terms of setting the overall priorities for the budget that it is a special privilege to be with you this morning.

Let me go rather rapidly through my testimony. Then I will pause near the end to respond to some of the issues the two of you have raised.

I will start by saying that hunger is a tragedy. It is a tragedy for those who suffer from it. It is a tragedy for our society. Beyond the issues of hunger are the issues of malnutrition. As you have pointed out, Senator Sasser, in poor countries the evidence of malnutrition is obvious. There is marasmus, a general caloric deficiency; there is kwashiorkor, protein deficiency. There are specific vitamin deficiencies like rickets. We see some severe malnutrition in the United States but relatively little.

What we we see in the United States are malnutrition problems such as stunting of growth and anemia. Much more, we see large numbers of people who are hungry even though that has not reached the point where one can demonstrate the malnutrition in terms of physiologic or other parameters.

That does not mean one cannot measure hunger. But hunger is a subjective phenomenon as opposed to the objective measurements that one can use to determine malnutrition. For this reason, over the years there have been many surveys to examine the issues of hunger. I will summarize those at the end. The survey I have been most associated with over these past few years is what I believe to be an extraordinary project, the Community Childhood Hunger Identification Project. It was initiated by the Connecticut Association for Human Services, tested in a survey in New Haven, and over the past couple of years has been developed, organized and run by the Food Research and Action Center.

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[1] See p. 175.

In the survey that is used in community after community—and I will report on three surveys that have been done and seven more in progress—the questions are based on the results of a much more extensive survey. The questions in the current surveys have been standardized against that more extensive set of questions. We have a set of questions in this more limited survey that effectively measure hunger. "Yes" answers to five or more out of eight questions define "families in which children are hungry." Answers "yes" to one to four of those questions indicate that the children in the family are "at risk of hunger." Although I started out my career, as you will see in my C.V., as a biophysicist, this is not the kind of methodology one would use in physics. But I believe it has validity when used to measure a subjective phenomenon like hunger.

The studies that have been done so far were in New Haven, CT; in three areas of the State of Washington; and in Hennepin County, MN. The range in those surveys, among families at 185 percent of poverty or below, was from 18 percent in New Haven to 42 percent in Seattle found to be hungry. Additionally in New Haven 47 percent and in Seattle 37 percent of families were at risk of hunger at the time of the surveys. So, the combined totals are 65 percent in New Haven, between 78 and 81 percent in three areas of Washington, and 80 percent in Hennepin County, MN found to be either "hungry" or "at risk of hunger."

We have been asked to estimate from these studies that have been done—monitored by a very good Technical Advisory Committee, checked for validity, checked for meaning in many different ways—the number of low-income families in the United States, the number of children who are hungry and the number of children at risk of hunger. You see these extrapolations on the chart.[1] Out of a population of 12.4 million poor children in the United States, the extrapolation suggests that 2 to 5 million are hungry and that a total of 7.8 million to 9.4 million are hungry or at risk of hunger.

These estimates are confirmed by——

Senator DOMENICI. Doctor, what does that risk mean?

Dr. SIDEL. This is a response to questions on the survey. In the testimony that you have before you, there is a listing of the questions. There are eight of them. These are drawn from a much longer list of questions against which they have been standardized. To give you some idea of the nature of these questions, I will read some of them.

Does your household ever run out of money to buy food to make a meal? Do members of your household ever eat less than you feel you should because there is not enough money for food?

If five to eight of these questions are answered "yes" there is, we believe, evidence of hunger." If one to four of them are answered "yes" we believe the family is "at risk of hunger."

Senator DOMENICI. Could I ask you just one other question?

Dr. SIDEL. Yes, sir.

Senator DOMENICI. Would it be fair to assume that, to the extent that we have hungry or at-risk children, that they are predominantly to be found in that category called poor? Or are there others?

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[1] See p. 178.

Dr. **Sidel**. Hunger, of course, can be phenomenon that accompanies conditions other than poverty. For example, if one has certain diseases.

Senator **Domenici**. But we ought to identify this as the problem area?

Dr. **Sidel**. Yes, sir.

Senator **Domenici**. There are 12.4 million who are poor as defined in your study and as defined by a number of our laws.

Dr. **Sidel**. That is correct.

Senator **Domenici**. And you come up with this extrapolation from this study.

Dr. **Sidel**. Among the "poor" children, that is right, sir. Of course there is hunger among the "near poor" as well.

This estimate is consistent with other estimates that have been made. For example, Senator Sasser referred to the Physician Task Force on Hunger in America, of which I was privileged to be a part. The estimate from that study was 20 million people in the United States are hungry at some point during the year. Other polls have been done, particularly by Louis Harris & Associates, giving estimates between 20 and 17 million people in the United States hungry.

Our survey, which determines children hungry at the time of that survey, is entirely consistent with these other estimates of people who are hungry at some point during the year. I am sure you don't want discussions of "point prevalence" and "period prevalence" at this time, but the numbers are consistent.

Having talked about the number of children who are hungry in the United States, I want to add a word about the number of children who are malnourished in the United States. We have that evidence from a number of other studies: The National Health and Nutrition Examination Survey in the late 1970's; the Utah Nutrition Monitoring Project in 1985; the Massachusetts Nutrition Survey in 1983; the Centers for Disease Control Pediatric Nutrition Surveillance System. These were summarized in studies done for FRAC by Jonathan Kotch and his associates at the University of North Carolina.

Chairman **Sasser**. What is FRAC, Dr. Sidel?

Dr. **Sidel**. FRAC is the Food Research and Action Center.

Chairman **Sasser**. All right.

Dr. **Sidel**. It is the organization that is organizing the Community Chidhood Hunger Identification Project and has done other distinguished work in this field, including the preparation of the summary of malnutrition in the United States I am referring to.

In addition to these data which show stunting of growth and anemia among children, in our surveys we find that the children who are defined as hungry suffer from over twice as many specific health conditions during the previous 6 months, such as ear infections, dizziness, colds, and unwanted weight loss, than do nonhungry children. This was of course associated with increased absenteeism from school.

Chairman **Sasser**. Could you pull that mike just a little closer?

Dr. **Sidel**. Sure.

Let me in doing so return now to the last page of my testimony, page 5, and I will stick a little more closely to it because I think I have the time.

It has been said that "statistics are people with the tears washed off," Senator. The eyes begin to glaze over when one talks only about statistics. One has to—as I have in the Bronx, as you have in rural Tennessee—see the children who are hungry, see their parents' concern, to know what these cascades of numbers mean. It is my view, Senator, that a nationl that permits its children to go hungry cannot claim the moral leadership it would like to claim.

Now, as Senator Domenici and you have pointed out, the broader problem in the United States is that of poverty. We need, in dealing with these issues, to deal not only with the people who are hungry and to develop specific programs related to the alleviation of that hunger, but to deal more broadly with the question of poverty in the United States. But as we deal with these questions—and I would be happy in the question period to talk about some specifics along that line—we must also deal specifically and as rapidly as possible with the questions of hunger.

Let me close by urging that the Senate Budget Committee help lead the United States to a national commitment to provision of school meals because it is difficult for hungry kids to learn; a national commitment to WIC because low birthweight kids are cheated in their development; a national commitment to food stamps at levels so that people who need them can obtain them and have sufficient food to last out the month; a national commitment to feeding programs for the elderly so that those who have nourished all of us can themselves be properly nourished; and a national commitment to the Community Food and Nutrition Program so that local and statewide community-based programs will have adequate resources to fight hunger.

I know, Senator Sasser, that you have written movingly about the issues of the so-called Peace Dividend, about the issues of shifts in resources in our society. May I suggest to the committee, sir, that if a Peace Dividend means anything, it means moving resources into an area where we can give to all of our people the nourishment that they need. If I may suggest, sir, I think in that shift lies true national security for the United States, a security that rests on the health and well-being of all of our people and particularly of our children.

I would be happy to comment in greater detail if you would like.

Chairman **SASSER**. Thank you, Dr. Sidel.

[The prepared statement of Dr. Sidel follows:]

Hunger and America's Children

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Testimony Prepared for Hearings of the

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Although I have testified before many other hearings conducted by committees of the US Senate and House of Representatives, this is the first time I have appeared before the Senate Budget Committee. Since this committee plays a key role in the determining the overall shape--and therefore the overall priorities--of the federal budget, I am especially grateful for this opportunity to appear before you today in this extremely important hearing.

I am Distinguished University Professor of Social Medicine at Montefiore Medical Center and the Albert Einstein College of Medicine in the Bronx, New York and a past president of the American Public Health Association and of Physicians for Social Responsibility. I am a physician trained in epidemiology and biostatistics. I have long been interested in the problems of hunger in the world and especially in the United States, serving as a member of the Physician Task Force on Hunger in America and as the principal investigator for New York State Hunger Watch. I am currently the chair of the Technical Advisory Committee for the Community Childhood Hunger Identification Project (CCHIP), sponsored by the Food Research and Action Center (FRAC).

Hunger is a tragedy, both for those who suffer from it and for our society. This is true whether or not food deprivation has caused measurable malnutrition. Extreme malnutrition, such as marasmus (caused by severe general caloric deficiency), kwashiorkor (caused by severe protein deficiency), and the consequences of severe specific vitamin deficiencies (such as rickets, caused by a deficiency of Vitamin D) is usually obvious. The malnutrition caused by less severe nutritional deficiencies, such as stunting of growth and anemia, are measurable objectively through anthropometric measurements and laboratory tests. But hunger, in contrast to the malnutrition that may be caused by it, is extremely difficult to quantitate and to measure. It is a subjective phenomenon and, like the measurement of all subjective phenomena, its determination depends on the responses to focussed questions. Many different surveys over the years have studied the prevalence of hunger using a wide variety of questions and the resulting estimates of hunger have therefore varied widely.

CCHIP is a national survey of hunger among children under 12 years of age living in families with incomes at or below 185 percent of the poverty level. The project, which was developed and pilot tested by the Connecticut Association for Human Services, is directed by FRAC and is performed by it in collaboration with local groups around the country. As the more detailed descriptions of the project (which I respectfully request be included in the record of my testimony) indicate, one of the key elements of this project is the development of a replicable "hunger scale" that is relatively inexpensive to administer yet provides reliable estimates of the prevalence of hunger. The scale, standardized against the results of a much more comprehensive study, is based on the responses to eight standardized "hunger questions". "Yes" responses to five or more of the questions indicates the presence of "Hunger" among the responding family's children; "yes" responses to one to four of the questions indicates that the children are "At Risk of Hunger."

Three CCHIP area studies have been completed so far--in New Haven, Connecticut, in three areas of Washington state, and in Hennepin County, Minnesota. The CCHIP survey will be carried out in seven more sites over the next six months. The findings so far are summarized in the following table.

Findings of the Community Childhood Hunger Identification Project
(Percent of Children in Low-Income Familes Surveyed in Each Area)

	Hungry	At Risk of Hunger	Combined (Hungry & At Risk of Hunger)	Total Surveyed
New Haven, CT	18%	47%	65%	100%
State of Washington				
Seattle	42%	37%	79%	100%
Yakima County	39%	42%	81%	100%
Pend Oreille County	21%	57%	78%	100%
Hennepin County, MN	37%	43%	80%	100%

--In the New Haven study, the children of 18 percent of the families were "hungry" and in addition the children of 47 percent of the families were "at risk of hunger."

--In the Washington state study, the prevalence of hunger in the three areas surveyed ranged from 21 percent to 42 percent and an additional 37 to 57 percent of the children were at risk of hunger.

--In the Hennepin County study, the prevalence of hunger in low-income families with children under 12 was found to be 37 percent. The children of an additional 43 percent of these families were at risk of hunger. Taken together, this means that 80 percent of these families reported having experienced at least one problem with food availability due to constrained resources.

We have been asked to estimate, from the rates of hunger found so far among children in low-income families in the CCHIP studies, the rate of hunger among low-income families in the rest of the nation. The extrapolation can be done in the following manner: The number of families living on incomes below the poverty level with related children under 18 years in 1988 was 5,373,000 and the mean number of children per family living on incomes below the poverty level with related children under 18 years was 2.24 percent. (At this time, the number of families with at least one child under twelve years of age living on incomes below 185 percent of the poverty level (the universe of families from which our survey samples were taken) is unavailable from the U.S. Census Bureau.)

If we assume that the rates of hunger and risk of hunger we have found so far among low-income families hold for low-income families nationwide, we can apply the percentages of hunger and risk of hunger to the number of poor families with children (5,373,000), multiply by the average of 2.24 children per family and arrive at an estimate of the number of hungry children nationwide. For the purposes of this estimate we have chosen a range that encompasses the lowest and highest hunger rates found so far- in a low-income neighborhood in New Haven and in four census tracts in Seattle.

Estimate of U.S. Children Hungry or At Risk of Hunger at a Given Time
("Point Prevalence")

Based on Findings in:	Hungry	At Risk of Hunger	Combined (Hungry & At Risk of Hunger)
New Haven	2.2 million	5.6 million	7.8 million
Seattle	5.0 million	4.4 million	9.4 million

Based on the levels of hunger in the first three areas studied, we therefore estimate that two to five million low-income children in the US are "hungry" at any given time. Moreover, a total of eight to nine million children are either "hungry" or "at risk of hunger" at any given time. Two factors would tend to make this estimate an underestimate: 1) The estimate is only of the number of children living in poverty who are hungry. It does not include any children from families with incomes just above the poverty line who are hungry. 2) The hunger rates found in the CCHIP study are those for families living on incomes below 185 percent of the poverty level. These hunger rates are undoubtedly lower than they are for families living on incomes below 100 percent of the poverty level. On the other hand, the hunger rates for children aged 12 to 18 may be lower than those we found for children aged one to eleven; this may lead to a possible overestimate.

An alternative estimate of the number of hungry children may be based on the estimate by the Physician Task Force on Hunger in America that 20 million poeple in the US are hungry at some time during the year. Assuming that 39 percent of these people are children, this leads to a "period prevalence" estimate of approximately 8 million children hungry at some time during the year. This "period prevalence" estimate is consistent with the "point prevalence" estimate that 2.2 to 5.0 million children are hungry and an additional 4.4 to 5.6 million children are at risk of hunger at a given time during the year. This estimate is also consistent with Louis Harris polls that estimated there were some 21 million hungry people in the US in 1984 and 17 to 18 million in 1987.

As a physician I am of course concerned not only with the pangs of hunger that hungry children suffer but also with the mounting evidence that this hunger manifests itself in a number of physical, mental and behavioral problems. Jonathan Kotch and Jo Shackleford of the University of North Carolina School of Public Health, in a review prepared for FRAC in June 1989, reported on a series of studies on this topic.

--The National Health and Nutrition Examination Survey (1976-1980) found that children below the poverty level were shorter, lighter and had smaller skinfold thicknesses than higher income children and that preschool children living in poverty had a higher prevalence of low blood iron levels.

--The Utah Nutrition Monitoring Project (1985) surveyed 1,020 families whose income was below 185 percent of the poverty line: Significant percentages of preschool children were found to consume less than two-thirds of the Recommended Dietary Allowances for a number of nutrients; short stature for age (below the fifth percentile) was found among one third of the preschool children and one-fifth were below the fifth percentile for weight-for-age.

--The Massachusetts Nutrition Survey (1983) of children age six months to five years 11 months found that short stature (being below the fifth percentile) (9.8 percent) and anemia (12.2 percent) were the most common undernutrition-related problems. (For comparison purposes, a normal population is only expected to have five percent below the fifth percentile in growth measurements, and the national rate of anemia among low-income preschool children is probably between six and eight percent.)

--The Centers for Disease Control Pediatric Nutrition Surveillance System (PNSS) covers children enrolled in public programs including the Special Supplement Food Program for Women, Infants and Children (WIC), the Early Periodic Screening, Diagnosis and Treatment Program, and publicly-funded Maternal and Child Health clinics. (Because children enrolled in these programs receive benefits and may therefore be better off than other children, these surveys probably underestimate nutrition problems.) In 1983 nutrition-related abnormalities were identified in 15.7 to 33.4 percent of the children. The most prevalent problem was short stature. Data from the 1986 PNSS indicate a declining prevalence of anemia among low-income children from 7.8 percent in 1975 to 2.9 percent in 1985. However, the authors in defining anemia state the PNSS uses very stringent cut-off values compared to current medical practice and thus may have underestimated the prevalence. They state that "the prevalence of anemia among children ages one to five years from low-income families in the mid-1980's probably is in the range of 6 to 8 percent based on less stringent cut-off values commonly used in clinical settings." These data have led analyists to estimate that some 500,000 children under age six in the US may exhibit these signs of malnutrition and that, because the PNSS data undoubtedly underestimate the prevalence of such signs, this is almost certainly an underestimate.

In the CCHIP studies, the families surveyed were asked about special problems their children suffered in the previous 6 months:

--Hungry children in New Haven suffered from almost twice as many specific health problems, such as ear infections, dizziness, colds, and unwanted weight loss, in the six month previous to the survey than did children from other households.

--Hungry children in Washington state were more likely (two to two-and-a half times) to suffer from specific health problems in the previous six months than non-hungry children.

--Hungry children in Hennepin County suffered from three-and-a-half times as many specific health problems during the previous six months than did children from non-hungry families in the same area.

--In all these areas children who had more of these health problems were more likely to be absent from school.

But the problem with such statistics is that by themselves they do not give the full picture of the tragedy that hunger produces. It has been said that "statistics are people with the tears washed off." One must observe individual children who are hungry or malnourished--whether in the Bronx or in rural Tennessee--in order to understand their individual tragedies. But in some ways an even greater tragedy lies in the fact that in our great nation, which states as its goal equal opportunity for all its people, many of our children grow up with education and development impaired by the inability of their families to obtain adequate food to prevent the pangs and consequences of hunger or the physical, mental and behavioral deficiences of malnutrition. It is time we--as a nation that claims to be moral and to care for its children--did something about that.

More broadly, of course, hunger is a condition of poverty. In fact, the poverty line is based in part on the ability to purchase a minimally adequate diet. Various studies, including the 1986 report, Nutrition Monitoring in the United States, issued by the US Departments of Agriculture and Health and Human Services, document the relationship between the availability of resources for food and the nutritional adequacy of the diet. The US poverty rate of 13.5 percent remains significantly higher than any time in the 1970s. Almost 32 million Americans lived in poverty in 1988 and 23 percent of children under age six were living at incomes below the poverty level. It was worse for black and Hispanic children: 49 percent of black children under age six and 42 percent of Hispanic children under six lived in poor familes in 1987.

We will of course not be able to deal fully with hunger and malnutrition in the United States until we eliminate poverty, by far the most common cause of hunger. And the price we all pay for permitting poverty to continue in the US goes far beyond hunger. But in the short run, we can do something about hunger. Others at this hearing will provide detailed suggestions on what is to be done. For my part, let me close by urging that the Senate Budget Committee help lead the United States to a national commitment to provision of school meals because it is difficult for hungry kids to learn, a national commitment to WIC because low birthweight kids are cheated in their development, a national commitment to food stamps at levels so that all people who need them can obtain them and have enough food to last the whole month, a national commitment to feeding programs for the elderly so that those who have nourished all of us can themselves be properly nourished and a national commitment to the Community Food and Nutrition Program so that local and statewide community-based programs will have adequate resources to fight hunger.

May I respectfully suggest that if a Peace Dividend means anything, it means using our resources to bring to our hungry people--and particularly to our hungry children--the nourishment they need. In this way we will truly serve our national security interests, by investing in the true security of a nation, the health and well-being of its children and indeed of all its people.

I am deeply grateful for the help given to me in understanding these issues by my colleagues at Montefiore Medical Center and the Albert Einstein College of Medicine and in the American Public Health Association and especially grateful for the assistance in preparing this testimony provided by Lynn Parker, Edward Cooney and Robert Fersh of FRAC, Cheryl Wehler of CCHIP, and Larry Brown of the Physician Task Force on Hunger in America.

Hunger3 (VWS26)

FRAC
FOOD RESEARCH AND ACTION CENTER

January 22, 1990

THE COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT

The Food Research and Action Center is engaged in a ground-breaking project to measure hunger among children in the United States – the Community Childhood Hunger Identification Project, or CCHIP.

Hunger Survey Developed For Use By Community Groups

CCHIP puts a tested, scientific survey tool, developed by eminent academics and community advocates, into the hands of community groups interested in documenting and combatting hunger in their localities.

These community groups have long sought a scientifically credible study like CCHIP that they could conduct themselves, to complement earlier widespread efforts that have documented the growth in demand for emergency food assistance nationwide. The CCHIP study has been designed so that its results cannot be dismissed as anecdotal or unscientific.

A Tested, Scientifically Valid Survey Tool

CCHIP was developed and tested by the Connecticut Association for Human Services (CAHS), a statewide non-profit research, advocacy and education organization in Hartford, Connecticut. The questionnaire was professionally reviewed by the project's Technical Advisory Committee, and then pretested by professional interviewers.

In CCHIP, interviewers from the community are hired to do a door-to-door hunger survey using the questionnaire in a predetermined random sample of low-income families with at least one child between one and 11 years old.

The questionnaire includes questions about:

- lack of resources to obtain food;
- food shortages in the household;
- changes in adult food intake;
- reliance on a limited number of foods;
- changes in children's food intake;

- reported hunger;
- sociodemographic characteristics of the household;
- program usage;
- shopping habits;
- resources available to obtain food; and
- coping strategies when food is difficult to obtain.

CCHIP Survey Disseminated Nationwide

The Food Research and Action Center (FRAC) is disseminating the CCHIP survey nationwide, along with a "field manual" for groups carrying out the survey, which contains information on planning the survey, developing the survey sample, how to train interviewers, and collecting and analyzing the data.

FRAC is currently providing intensive technical assistance to seven local groups carrying out the survey. A national report on their findings will be released in late 1990. The questionnaire and field manual will be made available to other groups wishing to conduct the survey.

Technical assistance to sites on developing a survey sample, collecting valid information, and analyzing the survey data is guided on the national level by a Technical Advisory Committee made up of survey research and child health experts and complemented on the local level by the assistance of interested university professors and public health departments. The project is directed on the national level by Cheryl A. Wehler, former Project Director of the Massachusetts Nutrition Survey for the Massachusetts Department of Public Health.

The overall cost of the national replication and dissemination of CCHIP is $437,000. Three-quarters of the total funds needed have been contributed by:

Burlington Northern Foundation
Ford Foundation
The Pillsbury Company
Primerica Foundation
Sara Lee Foundation

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January 22,1990

QUESTIONS AND ANSWERS ABOUT THE COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT (CCHIP)

How is hunger defined for the purposes of CCHIP?

Hunger is defined as the mental and physical condition that comes from not eating enough food because of insufficient economic, family or community resources.

How is hunger measured by the CCHIP survey?

A "hunger scale" was constructed, using the answers to eight key questions of the 104 core questions in the survey. These questions are:

- Does your household ever run out of money to buy food to make a meal?
- Do you or members of your household ever eat less than you feel you should because there is not enough money for food?
- Do you or members of your household ever cut the size of meals or skip meals because there is not enough money for food?
- Do your children ever eat less than you feel they should because there is not enough money for food?
- Do you ever cut the size of your children's meals or do they ever skip meals because there is not enough money for food?
- Do your children ever say they are hungry because there is not enough food in the house?
- Do you ever rely on a limited number of foods to feed your children because you are running out of money to buy food for a meal?
- Do any of your children ever go to bed hungry because there is not enough money to buy food?

These questions were chosen because they get at the extent of sustained inadequate intake of food due to constrained resources. They are based on questions tested in previous surveys, but are more precise in language and have been carefully tested with low-income families.

A score of 5 or more on the scale of 0 to 8 (i.e., 5 affirmative responses out of 8) indicates a severe food shortage problem. These are the "hungry" families. This is because a score of 5 or more:

- indicates that 5 or more different signs of hunger are present in the household; and
- indicates that at least one of these signs of hunger directly affects the children in the household.

In addition, survey results have demonstrated that a score of 5 or more is associated with other negative outcomes such as increased specific health problems in the children sampled. Thus the hunger scale is both a reasonable and conservative measure of hunger because it represents a food shortage of serious magnitude, occurring over a lengthy period of time and occurring repeatedly.

A score of 1 to 4 indicates that the family is at risk of a hunger problem, because they show at least one indicator of a food shortage.

The National Center for Health Statistics at the Department of Health and Human Services is using versions of these questions in its next national survey of nutritional status -- NHANES (National Health and Nutrition Examination Survey) -- because their researchers view these questions as a legitimate way to measure hunger.

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January 22, 1990

CCHIP SITES AND CONTACTS

New CCHIP Sites

Florida

Study site: Polk County (rural)

Contact:
Debra Susie
Network Organizer
Florida Impact
106 West Jefferson Street
Tallahassee, FL 32301
(904) 222-3470

Connecticut

Study site: Hartford

Contact:
Grace Damio
Coordinator, Maternal and Child Health Unit
Hispanic Health Council
96 Cedar Street
Hartford, CT 06106
(203) 527-0856

California

Study site: Central California (rural counties)

Contact:
Marion Standish
Executive Director
California Rural Legal Assistance Foundation
Food Law Center
2111 Mission Street, Suite 401
San Francisco, CA 94110
(415) 863-3520

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Michigan

Study site:	Pontiac
Contact:	Shirley Powell Executive Director Hunger Action Coalition 23 East Adams Detroit, MI 48226 (313) 832-4412

Alabama

Study site:	Sumter County (rural)
Contact:	Carol Gundlach Executive Director Alabama Coalition Against Hunger P.O. Box 409 Auburn, AL 36830 (205) 821-8336

New York

Study site:	Two towns on Long Island; selected neighborhoods in Queens
Contact:	Tricia MacEnroe Executive Director Nutrition Consortium of N.Y. State 235 Lark Street Albany, NY 12210 (518) 436-8757

Colorado

Study site:	Colorado Springs
Contact:	Jean East Associate Director Catholic Community Services 200 Josephine Street Denver, CO 80206 (303) 388-4435

Massachusetts

Study site:	Selected Sites Statewide
Contact:	Annette Rubin Casas Project Bread 11 Beacon St., Room 400 Boston, MA 02108 (617) 723-5000

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FOOD RESEARCH AND ACTION CENTER

October 17, 1988

COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT

(CCHIP)

NEW HAVEN, CONNECTICUT

Conducted in 1986 by: Connecticut Association for Human Services, a non-profit research, advocacy and education organization in Hartford, Connecticut.

Location of Survey: 403 low-income households, with at least one child under the age of twelve, in the Hill section of New Haven, Connecticut.

Major Findings

- 18 percent of families with children between the ages of one and eleven in the Hill section of New Haven were hungry and 47 percent were at risk of being hungry.
- Therefore, in total, 65 percent of the households were either hungry or at risk of being hungry, having experienced at least one indicator of a hunger problem.
- Hungry children suffered from almost twice as many specific health problems, such as ear infections, dizziness, colds and unwanted weight loss in the 6 months previous to the survey, than children from other households.
- More health problems among children were strongly associated with more absenteeism from school.
- 93 percent of hungry families reported that Food Stamp benefits did not last all month. In fact, on average, they reported that these benefits lasted only 2.4 weeks. Yet only about 13 percent of these households were able to add money to Food Stamps to make up for the shortfall.
- 44 percent of the children from families with insufficient food supplies ate nothing for lunch. (The survey was conducted during the summer, when school lunches are not available. This illustrates the crucial role the National School Lunch Program plays in the diets of low-income children.)
- Hungry households were poorer than non-hungry households in

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the study. Poorer families participated in a greater number of public assistance programs. Yet, the income from public assistance programs was not enough to bring the total income of the hungry group up to that of the non-hungry group.

New Haven's Response to Hunger Survey Findings

- The School Breakfast Program was instituted in all of the city's elementary schools.
- The city added local funds to the federal funding for the School Breakfast Program. The state provided additional funds for the Breakfast Program over and above what had already been appropriated in the previous fiscal year by the state legislature.
- Private donations and state funding for food pantries in New Haven and in the state increased dramatically.
- Aggressive outreach was conducted by private non-profit groups to let people know where to go for emergency food assistance in the city.
- The Mayor's Task Force on Hunger, set up in response to the CCHIP survey, conducted three hunger surveys in other low-income neighborhoods in New Haven using a modified version of the CCHIP questionnaire, and reported equally disturbing findings about the extent of hunger in the city.

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October 17, 1988

COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT

(CCHIP)

WASHINGTON STATE

Washington state is the first of eight sites to complete a CCHIP survey as part of FRAC's nationwide replication of the CCHIP survey.

Conducted by: Governor's Task Force on Hunger, created by executive order in 1986 "to work in partnership with the private sector...to better document the extent and nature of hunger in the state and identify the underlying causes of hunger and malnutrition in order to be able to clearly articulate the need for food and resources to help those in need."

Survey locations: 789 low-income families with at least one child under the age of 12 were interviewed in three sites chosen to characterize different types of poverty in the state. Four census tracts in Seattle, one census tract in rural and urban central Washington (Yakima County and the town of Wapato) and a rural county in eastern Washington (Pend Oreille) were survey sites.

Major Findings:

- Hunger is a major problem among low-income families with children less than twelve years old in the areas surveyed in the state of Washington.
- According to the CCHIP hunger scale, the prevalence of hunger among the low-income families surveyed is 42.2 percent in Seattle, 39.3 percent in Yakima/Wapato and 20.8 percent in Pend Oreille County.
- Of the low-income families surveyed, an additional 37.4 percent in Seattle, 41.9 percent in Yakima/Wapato and 57.4 percent in Pend Oreille are at risk of developing a hunger problem. Taken together, this means that 79.7 percent (Seattle), 81.2 percent (Yakima/Wapato) and 78.2 percent (Pend Oreille) of the low-income families surveyed reported having experienced at least one problem with food availability due to constrained resources.
- The average monthly income of hungry families, including benefits from all major publicly-funded income supplemental programs, was around $653/month for Seattle families,

$645/month for Yakima families and $787 for families in Pend Oreille; which represents 58 percent, 60 percent and 76 percent of the federal poverty level, respectively.

- Hungry children were more likely to have a variety of health problems than were children whose families did not suffer from food shortages.
- Hungry children in Seattle and Yakima were two times more likely, and those in Pend Oreille were two and a half times more likely, to suffer from specific health problems in the last six months than were children from the non-hungry families surveyed.
- Children in hungry families in all sites were significantly more likely to have experienced unwanted weight loss, fatigue, headaches, inability to concentrate, and irritability than non-hungry children, over the six months prior to the survey.
- In Seattle the more episodes of hunger a family experienced, the more likely their child was to be absent from school due to illness. In Pend Oreille County children from hungry families were, on average, absent from school due to illness more than twice as many days as children from the non-hungry families surveyed.
- In Seattle (80%), Yakima (71%) and Pend Oreille (61%), a large percentage of families reported that they had too little money to buy food, and 61%, 71%, and 61%, respectively, reported that they ran out of money to buy food.
- In Seattle, 42 percent of the mothers reported that their children are eating less than they should because there is not enough money to buy food. In Yakima and Pend Oreille, the percentages are 41 percent and 17 percent, respectively.
- Parents must cut the size of their children's meals or their children must skip meals in 38 percent of the Seattle families surveyed, 31 percent of the Yakima families, and 15% of the Pend Oreille families, because there is not enough money for food.
- In Seattle, 66 percent of the families surveyed had used food banks, in Yakima, 49 percent and in Pend Oreille, 28 percent.
- Families that experienced hunger were much poorer than those who did not report experiencing any problems with hunger.

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January 22, 1990

COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT

Minnesota

Hennepin County, Minnesota, which includes the city of Minneapolis, is the second of eight sites to complete a CCHIP survey as part of FRAC's nationwide replication of the CCHIP survey.

Conducted by: Minnesota Food Education and Resource Center, a program of the Urban Coalition of Minneapolis.

Survey location: 257 low-income families (incomes at 185 percent of the poverty level or less) with at least one school age child were interviewed in Minneapolis and its suburbs within Hennepin County.

Major findings:

- Hunger is a major problem among low-income families with children less than twelve years old in Hennepin County.
- According to the CCHIP hunger scale, the prevalence of hunger among the low-income families surveyed is 36.6 percent.
- Of the low-income families surveyed, an additional 43.1 percent are at risk of developing a hunger problem. Taken together, this means that 79.7 percent of these families reported having experienced at least one problem with food availability due to constrained resources.
- Hungry children in Hennepin County suffered from an average of three and a half times as many specific health problems (such as unwanted weight loss, fatigue, headaches, irritability, inability to concentrate and frequent colds) in the last 6 months as did children from non-hungry families.
- Households in Hennepin County that experienced hunger were much poorer than those who did not report experiencing many problems with hunger. The average monthly gross income of hungry families was 81 percent of the poverty level. Additionally, a significantly higher percentage of hungry households had incomes that were at or below 100 percent of poverty level (79 percent) than did non-hungry households (51 percent).
- A significantly higher percentage of hungry families spent more than 30 percent of their incomes on shelter than non-hungry families (77 percent vs. 56 percent). The average shelter cost for hungry families was 55 percent of their incomes.

- Based on a conservative measure, nearly three in ten of those who were income-eligible at the time of the survey were not receiving food stamps at that time. For those who had not applied for food stamps, the most common reason given for not applying was that they did not think they were eligible.

- About 32 percent of those apparently eligible for WIC based on pregnancy, age of children, and income were receiving WIC benefits.

- While 88 percent of the families with school age children participated in the National School Lunch Program, only 42 percent participated in the School Breakfast Program.

- An overwhelming majority (85 percent) of those surveyed said they had not heard of the Summer Food Service Program for Children. Of those who, 54 percent participated. The most common reason given for not participating in the program was that the program was too far away or difficult to get to.

- Slightly over half of those surveyed had used a food shelf (re: emergency food center) in the past 12 months. Hungry families were seven times more likely than non-hungry families to use food shelves (76 percent vs. 10 percent).

- The average number of meals people said that they could make with food from a food shelf was 3.5. Over half (54 percent) reported that they needed to use the food shelf more often than the rules allowed.

- In Hennepin County, the 68 percent of the families surveyed reported that they had too little money to buy food, and 61 percent said that they ran out of money to buy food.

- Parents in 32 percent of the households reported that their children ate less than they should and 30 percent reported that they had to cut the size of their children's meals, or their children had to skip meals.

COMPLETED CCHIP SITES

Minnesota

Study site: Hennepin County (includes Minneapolis)

Contact:
Ann Hamre
Program Officer
Minnesota Food Education and Resource Center,
a program of the Urban Coalition
708 South Third Street, Suite #300
Minneapolis, MN 55415
(612) 348-4968

Washington

Study site: Seattle, Pend Oreille County (rural) and Yakima County (rural and urban)

Contact:
Linda Stone
Governor's Task Force on Hunger
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Spokane, WA 99202-1824
(509) 484-6733

Connecticut

Study Site: New Haven

Contact:
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880 Asylum Avenue
Hartford, CT 06105
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FRAC
FOOD RESEARCH AND ACTION CENTER

January 22, 1990

COMMUNITY CHILDHOOD HUNGER IDENTIFICATION PROJECT TECHNICAL ADVISORY COMMITTEE MEMBERS (TAC)

- Dr. Victor Sidel, Chairman of the TAC, is Distinguished University Professor of Social Medicine at Montefiore Medical Center and the Albert Einstein College of Medicine in the Bronx, New York. He is the Past President of the American Public Health Association and the Recipient of its 1987 Award for Excellence.

- Dr. Jennifer Anderson is an Associate Research Professor and Statistician of Medicine in the Arthritis Center of the Boston University School of Medicine.

- Dr. Janice Dodds is an Associate Professor of Nutrition at the School of Public Health of the University of North Carolina, Chapel Hill.

- G. Ted Fairchild, R.D., M.P.H., is the Director of the Utah WIC Program and the Project Director of the Utah Nutrition Monitoring Project; has conducted a study of hunger in low-income households.

- Amy Fine is a Maternal and Child Health Consultant and has recently held positions at the Center on Budget and Policy Priorities and the Institute of Medicine at the National Academy of Sciences.

- Dr. Lorraine Klerman is a Professor of Public Health at the Yale University School of Medicine, Department of Epidemiology and Public Health.

- Dr. Milton Kotelchuck is Chair of the Maternal and Child Health Department at the School of Public Health of the University of North Carolina at Chapel Hill.

- Kathy Porter is the Research Director for Center on Budget and Policy Priorities, a non-profit research and analysis organization located in Washington, D.C.

- Dr. Richard Scott is an Associate Professor of Sociology and Assistant Director of the Honors College at the University of Central Arkansas.

- Dr. Cynthia Thomas is Assistant Professor of Epidemiology and Social Medicine at the Albert Einstein School of Medicine and Senior Researcher at Montefiore Medical Center.

- Helen Ward is Director of Research and Analysis at the Connecticut Association for Human Services, a state-wide non-profit research, analysis and public education organization.

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Chairman Sasser. I want to ask you a few questions; then we will turn to Dr. Dietz.

Would somebody put up the chart [1] there dealing with low birth weight babies, please?

We are putting up a chart here that shows the cost of maintaining a low birth weight newborn baby at the neonatal intensive care clinic at Vanderbilt University, Children's Hospital in Nashville, TN. Now, as you can see, the average baby stays in this clinic about 22 days at a cost of $23,708. The other item on this chart is the cost of providing nutritional foods and counseling to low-income pregnant women and children through the Women's, Infant and Children's Feeding Program, commonly known as WIC.

Now, in my native State of Tennessee, we can provide 12 months of prenatal and postpartum assistance to a mother, plus 6 months of support for her baby, for approximately $787. Now, in spite of this marked difference in cost, the WIC program in Tennessee and nationally is serving just more than 50 percent of the eligible population.

Now, it is clear that in one way or another our society is going to have to pay for at-risk babies from low-income families. The Office of Technology Assessment estimates that we could save between $14,000 and $30,000 for every low birth weight baby that is averted.

Now, my question to you, Dr. Sidel: If we are serious about taking care of hungry children and want to be as cost efficient as possible, don't you think we ought to be allocating our resources more towards early intervention programs like WIC that emphasize preventive health and nutrition?

Dr. Sidel. Yes, sir; of course. I very much agree with that statement.

Let me say that this chart shows only a part of the cost and part of the savings. Not included in these economic costs are the concerns of the mother, the pain to the baby, the anxiety to neighbors that comes from the child who is underweight and who suffers. And not included in the benefits from WIC is the feeling to the mother, the feeling to the child as it gets older, the feeling to the neighbors that somebody cares; that this is a society in which kids are not permitted to go hungry and be obstructed in their development. And so I agree completely with these data Senator, of course I agree that WIC needs to be able to increase its resources so that everyone who is eligible for it will be served by it. But I would only add that along with these economic costs we had better add the broader costs to our society of kids being born poor and of low birthweight in our society.

We are around 18th among the countries in the world in the percentage of our babies who are born with low birthweight. It is, if I may say so, Senator, obscene. This is the true meaning of obscenity. It is obscene to have such a record in the United States.

Chairman Sasser. Well, Dr. Sidel, I bring this whole question up in a dollars and cents format simply to try to demonstrate that it is extraordinarily more cost efficient to deal with the problem of low birthweight babies and poor prenatal and postpartum care at the outset, rather than trying to deal with the problem after the child is born. I myself—and I suspect others of my colleagues—have been in these wards where they keep these babies that are about the size of that cup there, not much more, that they try to keep alive to the tune of literally tens of thousands of dollars. And then if they do keep them alive and they live, sometimes they are not altogether whole from then on out.

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[1] See p. 164.

But yet, conversely, I have seen with my own eyes the results of the WIC program in my own State and have seen how the mothers literally swear by it in some of the rural, more poverty-stricken areas. It just seems to me like in this environment, when we are primarily concerned—rightly or wrongly—about how much we spend and what we get back for our money, you can make a very powerful case for some of these programs like the WIC program that are, indeed, very cost efficient, excluding all of the other considerations that you just discussed here, which are very important and certainly are relevant. But you can make, I think, a very strong argument on the basis of saving money.

Dr. SIDEL. Let me just add to that, if I may, Senator. I have had the privilege of lecturing at Vanderbilt, the institution from which these data come. It is, as you know, sir, a superb medical institution. Its pediatricians, its neonatologists, who deal with such babies are the most dedicated of people. I think they would join you, Senator, in saying they would far prefer not to be doing that. They would far prefer that a fraction of those resources be used to prevent the low birthweight.

Chairman SASSER. Well, some of those same pediatricians are the strongest proponents of some of these programs, programs like the Women, Infant and Children Feeding Program. I have long been a believer that proper nutrition for our children is the minimum requirement to motivate them sufficiently to stay in school and to take an interest in their own learning and advancement.

If, as you have testified, millions of children in this country are hungry, it appears to me that there is really not much hope for them as far as expecting them to do well educationally and, indeed, in other ways. Now, it has been declared by the President, no less a figure than the President, that education of our children is one of the highest priorities in this land. If we really care about the education and growth and development of our children, shouldn't we be more concerned about the essential role of children having enough to eat?

Dr. SIDEL. I do not see, Senator, how children can be properly educated if they go to school hungry and are hungry through the school day. I have talked with kids who are hungry, with parents who know how hungry their kids are, and know that this is not the way to build a healthy, educated society. If, indeed, that is one of our goals as a nation, to educate our children so that they will contribute to the good things that our society wants to bring to ourselves and to others, we are going to have to change the conditioins that contribute to children going to school hungry and not being able to learn.

Chairman SASSER. Do you see any correlation between hunger and social problems that afflict young people in our population today? That is not to say that there are not other factors that would encourage antisocial behavior. But is hunger itself a factor in antisocial behavior? And if so, is it a significant factor?

Dr. SIDEL. You know the word, Senator, the word "nourishment" has a couple of different meanings. It means to provide with food, of which the opposite is "malnourishment." But "nourishment" also means that you let children know, you let older people know, they are cared for. They are cared for by their parents; they are cared for by their community.

The opposite is "neglect." If we cut back on that nourishment, Senator, it is my view that we give kids a message. The message, if you will pardon the language, is that nobody gives a damn. And when kids feel that nobody gives a damn, then what is the reason not to engage in antisocial behavior?

Chairman SASSER. Thank you, Dr. Sidel.

Senator Domenici?

Senator DOMENICI. I just have a couple of questions, Doctor. First of all, let me make sure that I understand the problem of having to take care of that $23,708 cost. I have been reading some of the most odd statements with reference to crack babies. Just so we understand, these kinds of babies are beginning to fall into that $23,708 care package in large numbers. I assume it is fair to say that that isn't a nutrition issue.

Dr. SIDEL. But it is my impression, Senator—and I would be happy to go back to the data—that this is still a relatively small problem in terms of numbers of babies born to mothers using "crack" cocaine compared to the total numbers of low birthweight babies in the United States. So if we talk about——

Senator DOMENICI. It is small nationally, but in terms of growth, it is the fastest growing increment in the package. And in some areas, it is huge in terms of the caseload in hospitals.

Dr. SIDEL. You need not tell a physician from the Bronx about that. We are in perfect agreement. But I would only make the point that as an overall cost to the society, although these are desperately ill babies and something badly needs to be done for them, they are still a relatively small portion of low birthweight babies.

Senator DOMENICI. Let me also say that I don't recall the exact numbers in President Reagan's budget from 1981 through 1988, but I do know what we did. We did not always agree; in fact, on these areas we have frequently one-upped him dramatically during his period of Presidency. In others, we supported him. But we tend to agree here that WIC is a very good program, and I didn't want the record to go without notice that in 1981 we were spending $872 million on that program. In 1991, the recommended level is $2,215 million. It went up regularly to $1.8 billion in 1988 as compared with $871 million in 1981. I think you are making the case nonetheless that if it is being managed properly, it ought to be increased. Is that a fair statement?

Dr. SIDEL. It is a fair statement, Senator, and from my knowledge of the data in terms of need——

Senator DOMENICI. There is a need.

Dr. SIDEL. There is a considerable need beyond the resources now being put into that program.

Senator DOMENICI. Now, let me ask you about WIC specifically because it is one of the programs that is most closely aligned to this issue. From your professional standpoint, is it correct to say that it has a high probability of effectiveness because of the way it is managed by the prescription method and by the way it is delivered and obtainable by the parent? You can't cheat much on that, can you, on WIC?

Dr. **SIDEL**. The program is, in my view, well organized, well designed, well managed. The data on how effective it has been have been extraordinarily good data in terms of showing its effectiveness. I am rather ashamed of our Department of Agriculture that when they published those data they minimized the impact. But there is no question, Senator, that it has been an extraordinarily useful program in large part because of the way in which it has been designed and managed.

Senator **DOMENICI**. I believe the Bush administration has recently asked the Department of Agriculture to produce those statistics in an honest manner, and that the program has great cost/benefit ratios and is achieving some significant results. Is that a fair statement?

Dr. **SIDEL**. That is my understanding as well, that we will now get some good analysis and summary of the data.

Senator **DOMENICI**. Thank you, Mr. Chairman.

Chairman **SASSER**. Thank you, Senator Domenici.

Senator Robb?

Senator **ROBB**. Thank you, Mr. Chairman. I don't have any questions for Dr. Sidel. I would like to make one observation, however, and thank you for your highlighting the role that appropriate prenatal and postpartum care can have. As I know you know, I happen to be married to a young lady who has taken a long-term interest in this particular subject, and she is somewhere in the vicinity today. I am surprised she hasn't found a way to come over here. Almost any time this subject is discussed in any way, shape, or form, she is here.

The figures that are frequently used—and I note that Vanderbilt apparently has a very cost effective average share figure because I have heard figures much higher than that associated with some of the more difficult cases up to well into the six figures, $400,000 for some of the more difficult cases. But I appreciate your emphasis on that.

Dr. Sidel, I appreciate your testimony, particularly in favor of WIC.

I just happened, Mr. Chairman, to be over in Indochina the last few days, and I took advantage of the opportunity to visit some of their care—I hesitate to say intensive care or neonatal clinics, because they really are not the sophisticated. These are in refugee camps and rural areas where they don't have that degree of sophistication. But it is very clear that a little care at the right time can go a very long ways. And in areas where they have enormous problems with other disease and other problems, in a couple of camps their infant mortality rate was as low as most of the developed Western countries; whereas, almost all of the rest of the problems they have exceeded the numbers by multiples that almost boggle the imagination. So even in rather primitive surroundings, proper care at the proper time can certainly pay some very significant dividends. I appreciate your making that observation.

Dr. Sidel, I appreciate your being here.

Dr. Sidel. Thank you, Senator.

Chairman Sasser. Thank you, Senator Robb.

Our next witness this morning is Dr. William Dietz, the director of clinical nutrition at the Boston Floating Hospital. Dr. Dietz is also chairman of the Joint Task Force on Hunger and Malnutrition sponsored by the American Institute of Nutrition and the American Society of Clinical Nutrition.

Dr. Dietz, we would be pleased to hear from you now.

STATEMENT OF WILLIAM DIETZ, M.D., CHAIRMAN, TASK FORCE ON HUNGER AND MALNUTRITION

Dr. Dietz. Thank you, Senators. It is a great pleasure to be here and a great honor to address your committee on this very important topic.

I should add that in addition to my other responsibilities, I run a growth and nutrition clinic at the Boston Floating Hospital funded by the State of Massachusetts, specifically directed toward the treatment of undernourished children.

I wanted to spend a few minutes discussing what we mean when we say malnutrition and what we mean when we say hunger before moving on to an assessment of the prevalence of these disorders in our society. By malnutrition, we mean both obesity and undernutrition. Malnutrition is a nonspecific term, and when referring to malnutrition, which is the specific topic of interest to this committee, I will be referring specifically to undernutrition.

The way we measure undernutrition is by its effect on growth; that is, children with a lower than expected weight for height, are children who are actutely malnourished. These are children who are inordinately lean. By——

Chairman Sasser. Not necessarily inordinately short in stature.

Dr. Dietz. No; children who are short are chronically malnourished. Now, obviously, we are talking about a comparison of this population at risk with a reference population; that is, the general U.S. population. And when we talk about an increase in undernutrition, we are talking about a prevalence of either a low weight for height—acute malnutrition; or a prevalence of a low height for age—chronic malnutrition—that is greater than that which we would expect for that population.

Clearly, that makes a specific assessment of the number of undernourished children difficult because genetics can account for short stature, intrauterine growth retardation, low birth weight infants, can account for a low weight for height or low height for age, or disease can account for a similar nutritional effect.

Growth is not the most sensitive indicator of nutritional status. Immune function may be more sensitive, and I am sure you are familiar with the well-known association of undernutrition and recurrent infection, which has a synergistic relationship; that is, undernourished children are more susceptible to infection, their infection reduces their food intake and increases their susceptibility to other infections.

Among the most important consequences of both undernutrition and hunger is their effect on development; that is, effects on cognitive development, brain growth, and learning. In this regard, we are talking primarily about energy deficiency and iron deficiency. I think that the ways in which nutrition affects cognitive development are particularly important because it is our children's ability to learn that makes them adults capable of enhancing the competitive edge for the United States in the world global economy. That is, these are individuals who, if they are malnourished in childhood, when they enter the workplace are going to be less capable of completing the tasks to which they are assigned.

Now, there have been a variety of studies of prevalence of undernutrition. These include both representative national surveys, surveys of public health programs, and local surveys. Each has a separate use and benefit.

Some time ago, I compared the changes in prevalence of undernutrition indicated by a low weight for height and low height for age in three major representative national surveys, beginning at age 6 to age 17. In those surveys conducted beginning in 1965, 1970, and 1975, there was no change in the prevalence of undernutrition. You can argue that the lack of change was because this was the best period for the nutritional status of children in the United States. A second argument is the 6-year-olds are the least likely to be affected. Nutrition has its principal effects on periods of rapid growth in early infancy. For a good part of the period we surveyed, programs were in place that were addressing the problem of undernutrition.

A more recent study done in 1986 of 800,000 children enrolled in public health programs, primarily WIC, conducted by the CDC, showed a substantially increased prevalence of chronic undernutrition as indicated by a low height for age. A second study, which included children from Tennessee, also conducted by the CDC, showed that over about a 10-year time period in the mid-1970's that children enrolling in WIC had a decreased prevalence of iron deficiency anemia at entry in the program, indicating that over time there had been some national effect of such programs. During the period when they were enrolled in WIC, there was a decline in the prevalence of iron deficiency anemia. So not only with respect to anemia did the situation improve in the society, but a clear programmatic effect existed as well.

In Massachusetts, there have been a number of surveys of poor populations over the last 15 years. These included health center-based studies in Massachusetts—the nutrition survey was mentioned earlier; studies of Head Start programs; and studies of homeless children. In the majority of these surveys, there appeared to be no acute undernutrition. That is, the children who were studied had a normal weight as expected for height. But there was a persistent increased prevalance of chronic undernutrition. Of particular interest was that a group of children enrolled in growth and nutrition clinics funded by the State of Massachusetts, low birth weight infants accounted for about a third of those children with undernutrition, and intrauterine growth retarded infants accounted for about 12 percent.

Now, the intrauterine growth retardation is a problem of particular importance because the recent national WIC evaluation study, conducted by David Rush, showed that prenatal WIC had a marked effect on fetal mortality and a decided effect on birth weight. And among the most interesting of those studies was that the head circumference of infants born to mothers who were on WIC was increased, suggesting that brain growth perhaps had been preserved. Therefore, the case can be made the WIC could have a substantial effect on preserving the abilities of such infants to learn.

There are a variety of other local surveys, one conducted in southern New Jersey, another one in Minnesota, a CDC surveillance program, all of which have shown a persistent, sometimes increased prevalence of undernutrition.

I would like to turn for a moment to the issue of hunger which Dr. Sidel has so eloquently discussed and make a few additional points to those that he has already made. Now, hunger for the first time has become a scientific measure rather than a descriptive term.

The CCHIP, Community Childhood Hunger Identification Project, has used eight questions to measure hunger. I would like to read these to you because I think that by hearing them you might agree that these are, in fact, measures of hunger. The questions are:

Does your household ever run out of money to buy food to make a meal?

Do you or members of your household ever eat less than you feel you should because there is not enough money for food?

Do you or members of your household ever cut the size of meals or skip meals because there is not enough money for food?

Do your children ever eat less than you feel they should because there is not enough money for food?

Do you ever cut the size of your children's meals or do they skip meals because there is not enough money for food?

Do your children ever say they are hungry because there is not enough food in the house?

Do you ever rely on a limited number of foods to feed your children because you are running out of money to buy food for a meal?

Do any of your children ever go to bed hungry because there is not enough money to buy food?

I think that just empirically we can agree that those questions determine hunger. I think CCHIP has gone even further to say that hunger constitutes a positive response to at least five of those questions, and a population at risk is a household that answers positive to one to four of those questions.

As Dr. Sidel mentioned, there have been three surveys of hunger in several different communities. The prevalence of hunger ranges from about 20 to 40 percent in those communities. And when hunger and people at risk of hunger are combined, these groups constitute about 75 percent of those populations. These studies have been of populations at risk. They are poor populations. No reliable estimates have been made of the national prevalence of hunger, although I think we're going to have an opportunity to see national estimates because the Health and Nutrition Examination Survey conducted by the National Center for Health Statistics has included this definition of hunger in HANES III, a survey which is currently being conducted.

Because the definition is so new, we also can't give you an estimate of the changes in prevalence of hunger. And because the definition is so new, we can't really give you an estimate of the consequences of hunger for development. But one very interesting study has been done which pertains to that problem. In Massachusetts, several years ago, a study was conducted of this school breakfast program, utilizing standardized tests and comparing test scores of children who received the school breakfast program with those children who were eligible for the breakfast program and who did not receive it. Those children who consumed the school breakfast program had a significant improvement in their test scores over the period encompassed by that program.

I would like to conclude by citing an example of a mentor of mine, who said, "In contrast to the individual woman, who may be pregnant or not, the population is always pregnant." I think that that analogy can be extended to hunger and malnutrition; that the population is always hungry, the population is always undernourished. And more science is not going to tell us whether or what we should do about it.

Thank you.

Chairman SASSER. Thank you very much, Dr. Dietz.

[The prepared statement of Dr. Dietz follows:]

Testimony for the Senate Budget Committee on Hunger in America's Children

William H. Dietz, M.D., Ph.D.

Thank you for asking me to testify on the subject of hunger in America's children. I am the Director of Clinical Nutrition at the Boston Floating Hospital and an Associate Professor of Pediatrics at the Tufts University School of Medicine. I represent the Joint Task Force on Hunger and Malnutrition of the American Society for Clinical Nutrition and the American Institute of Nutrition. Together these societies consist of over 1800 members who are research scientists, clinical practitioners and academicians in the field of nutrition in the United States. The Task Force was empanelled approximately 4 years ago to consider the subject of hunger and malnutrition in the US population.

Malnutrition is defined as a condition that results from the excess, imbalance or deficit of nutrient availability in relation to tissue needs. In the United States, the principal nutritional deficits are energy, iron and perhaps zinc. The deficiency of energy is probably the most widespread deficit in U.S. children. Protein malnutrition, which affects millions of the world's children, is largely absent in the United States.

The consequences of malnutrition in children are substantial. The most apparent effects of undernutrition are on growth. Early in the course of undernutrition children either lose or fail to gain weight. Therefore, a decreased weight for height is known as acute malnutrition. A longer term consequence is a reduced height for age. This is known as chronic undernutrition. The effects of nutrition on growth can be used to determine the frequency of undernutrition. For example, comparisons of the percentage of children who are below the weight that they should be for their height or below the height that they should be for their age with a known well nourished population can be used to estimate the prevalence of undernutrition.

Although changes in growth are the most widely used measures of undernutrition, they are probably not the most sensitive indicators because substantial nutriont deficits are necessary to produce chronic effects on growth. A more immediate effect of undernutrition may be to increase the susceptibility to infection through effects on the immune system. The relationship of malnutrition and infection is synergistic. Children who are malnourished have an increased susceptibility to infection; the infection reduces their food intake thereby diminishing nutritional status further and enhancing their susceptibility to infection.

Of greatest concern is the effect of nutrition on brain growth. The principal period in which brain cell replication occurs is early childhood. Therefore, malnutrition in early childhood may be associated with a reduced growth of the brain and consequent effects on development, particularly cognitive development, and impaired learning.

Iron deficiency is perhaps the most frequent cause of anemia in children. Most iron deficiency anemia results from a reduced intake of iron. Not only is iron important in the generation of red blood cells but it also is a key element of an enzyme that breaks down epinephrine and norepinephrine in the body. These compounds affect the function of nervous system. The decreased breakdown of these compounds that results from iron deficiency anemia may impair the attention span of children and reduce their capacity for learning. It is important to emphasize that these effects may occur without any evidence of anemia.

Evidence regarding the prevalence of undernutrition can be derived from representative surveys of the U.S. population, from surveys of public health programs, or from surveys of subpopulations at risk. With regard to national data, my colleague, Dr. Steve Gortmaker and I analyzed data from three major national surveys of the United States that took place during the period from 1965 to 1980. Although the prevalence of undernutrition as indicated by measures of growth occurred with an increased frequency in the poor population, it was still less than that expected for the U.S. population and remained constant over this 15 year period. However, young children and poor children were undersampled, a number of food programs were either in place or were being implemented, and it is generally accepted that this period represented a time which the pediatric population was at the lowest risk for undernutrition. Therefore, lack of any change in prevalence during this period may not be surprising. More recent CDC data, published in 1986 showed a lower than expected prevalence of acutely malnourished children. However, these studies also showed an increased prevalence of short children who might represent a chronically malnourished population.

I recently analyzed a variety of surveys of poor children in Massachusetts, conducted between 1980-89. Children were studied in health centers, Head Start programs, or house-to-house surveys. In all of these surveys there was a greater than expected frequency of children of low height for age, consistent with a persistent prevalence of chronic undernutrition. It is important to emphasize that these studies were not representative of the population of the State of Massachusetts nor can they be extrapolated to populations in the country. Nonetheless, these data suggest that for certain populations the frequency of undernutrition is greater than expected. More recent data from Massachusetts suggest that a substantial proportion of the malnourished population seen in growth and nutrition clinics are infants who were either premature or low birth weight infants. Recent data published by my colleague, Dr. David Rush, in his national WIC evaluation survey, demonstrated that WIC had a significant effect on the reduction of fetal deaths. One might anticipate, therefore, that WIC plays a major role in prenatal nutrition and may have a significant impact on the reduction of childhood malnutrition by its effect on birth weight and pre- and perinatal morbidity.

In the last two years the Centers for Disease Control have initiated several state or hospital based surveys designed to determine the prevalence of severe pediatric undernutrition. These surveys differ widely in survey methodology and survey design. Some are health center based and others are hospital based. In at least some of these surveys, the prevalence of undernutrition is considerably greater than expected, particularly in hospitalized patients. However, these sample populations may be biased because of the selection of children at greatest risk.

Additional data from the CDC, published recently in the Journal of the American Medical Association, have shown substantial and steady declines in the prevalence of iron deficiency anemia during the period from 1975 to 1985.

These surveys were conducted in a variety of public health programs in six different states. Of interest is that the prevalence of anemia declined not only among children seen at pre-enrollment screening visits, suggesting a generalized improvement in childhood iron nutritional status, but also declined with participation in WIC, indicating the effectiveness of this program.

It is important to emphasize that there are a number of problems with this assessment of prevalence of undernutrition in the U.S. population. First, several of the major surveys failed to sample adequately the U.S. children at risk for malnutrition, such as homeless or low birth weight children. Additional populations at risk include pregnant women, low income children and adults, home bound elderly, Native Americans and homeless adults. Although several descriptive studies suggest that malnutrition in these populations is also increased, it is not clear that the groups that have been studied are representative of these populations in the United States. Second, children who are short may be short for genetic reasons as well as nutritional reasons. This appears to be a particular problem in South East Asian children. Nonetheless, there is a widespread perception among medical professionals who deal with these populations that the poor children are at increased risk of malnutrition, and that their numbers are increasing. Adequate data depend on new and improved sampling methods.

A final point is that the population is always malnourished. By this I mean that malnutrition is always present within the population, and that some groups are more affected than others. The level of malnutrition necessary to increase or renew funding for programs such as WIC is not a scientific but a political decision.

I would now like to turn to the topic of hunger, which until recently was used as a descriptive rather than a scientific term. The Joint Task Force on Hunger and Malnutrition defined hunger as a "recurrent involuntary lack of access to food that may produce malnutrition over time". A more functional definition was developed by the Community Childhood Hunger Identification Project and is based on eight questions. It may be helpful to relate these questions to you to help you understand how this problem is currently defined. The questions are:

1. Does your household ever run out of money to buy food to make a meal?
2. Do you or members of your household ever eat less than you feel you should because there is not enough money for food?
3. Do you or members of your household ever cut the size of meals or skip meals because there is not enough money for food?
4. Do your children ever eat less than you feel they should because there is not enough money for food?
5. Do you ever cut the size of your children's meals or do they skip meals because there is not enough money for food?
6. Do your children ever say they are hungry because there is not enough food in the house?
7. Do you ever rely on a limited number of foods to feed your children because you are running out of money to buy food for a meal?

8. Do any of your children ever go to bed hungry because there is not enough money to buy food?

Hunger is defined as a positive response to five or more of these questions. Families at risk are defined as those who respond positively to one to four of these questions. The questionnaire has both internal and theoretical validity. An indication of the validity of its use is that these eight questions have now been incorporated into the National Health and Nutrition Examination Survey conducted by the National Center for Health Statistics.

Surveys using this questionnaire have been conducted in Connecticut in 1986 and in Washington in 1988. In Connecticut, a pilot sample of 403 families in New Haven revealed that 18% were hungry, and 7% were determined to be at risk. A subsequent survey in the state of Washington, that relied on careful selection of a sample based on risk and that incorporated a total of three counties with an adequate sample size demonstrated a prevalence of hunger in 20-43% of the population. When both hunger and those at risk for hunger were combined, 75% of the population was included. This sample was carefully framed to include a poor population, defined as those eligible for the school lunch program, and included census tracts in which 33% of the families contained children and 33% of families lived at or below the poverty line. Of interest was that there was an inverse relationship between the hunger score in these populations and the monthly per capita income. In addition, the hunger group had increased utilization of food stamps compared to the non-hungry control group. This result is important because it indicates that despite programs like food stamps the problem still exists. Finally there was an increased frequency of infection and school absence among affected children.

These observations demonstrate not only that hunger is present within the U.S. population but that it has potential consequences for susceptibility to infection and school absence. One might also anticipate that hunger may not be associated with effects on growth but because of the effects of hunger on behavior and physical state, we can anticipate short term consequences for learning. Breakfast consumption may offer clues to the significance of such short term effects. For example, in Massachusetts, a recent study demonstrated a substantial improvement in standardized achievement test scores among children enrolled in a school breakfast program compared with a matched group which was eligible for a school breakfast but did not receive it.

Again, one is confronted with the difficulty of reliable estimates of hunger in the U.S. population. In none of these surveys was the population representative of the U.S. population. Therefore no national estimate of prevalence can be made. Furthermore, because this is a new measure, it is impossible to estimate whether the prevalence of this problem is changing. Nonetheless, the increases in food pantry and soup kitchen use, particularly at the end of the month, suggest that the prevalence of hunger in the population may be increasing. Because hunger has never been functionally defined before, it is not clear what effects hunger has on any social or biological function. However, based on our knowledge of child development I would anticipate an effect on learning and concentrating ability. The increased frequency of infection and school absence suggests that hunger may have significant medical and social consequences.

Like malnutrition, hunger is not a scientific issue but a political issue. Science cannot address the issue of how much hunger is too much. Whether it is acceptable that children go to bed hungry or that families rely on soup kitchens cannot be addressed by more science. I believe that it is essential for us to understand the impact of these problems on our population, and that we develop cost effective approaches to their solution. Failure to follow up the population studied in the National WIC Evaluation represents a lost opportunity to examine the effectiveness of one of the most important of these programs. A critical need exists for ongoing program evaluation that would assist you in your deliberations. However, not only do we lack the support for such evaluations, but the number of programs that would train the individuals capable of conducting such surveys is decreasing. Support for those activities is essential in order for us to develop an effective national nutritional policy.

Thank you. I would be happy to answer any of your questions.

Chairman SASSER. You make a strong case for prenatal feeding programs; at least that is the way I interpret your remarks and some of the data that you cited. I am familiar with the prenatal feeding programs in rural areas. Do you have any data as to the effectiveness of these prenatal programs in urban areas around the country?

Dr. DIETZ. I am not aware of any data which have compared rural versus urban WIC programs. I think one of the biggest concerns I have about the WIC programs, at least as I know them in Massachusetts, is that only about half of the eligible population is currently being served. I am not sure whether those data are comparable for rural areas as well.

Dr. SIDEL. If I may, Senator, I believe the studies that Dr. David Rush has done that were just referred to include both urban and rural kids. And so there is every reason to believe that the same impact that you have seen in rural Tennessee can be seen in urban areas of the country as well.

Chairman SASSER. Well, I am aware of the statistic that only 50 percent of the eligible children are being served by the WIC program. But I would be interested in getting some data which would indicate the effectiveness of WIC in rural areas a opposed to urban areas and if there is any difference in the effectiveness or the acceptability of the program or the administration of the program. We may be getting outside of your area of expertise.

Dr. DIETZ. Well, we are, except I think that your question emphasizes how important those data are for program and policy planning. The fact that we can't cite data right now which indicate that there is a difference in rural versus urban hunger or that there is a change in the prevalence of hunger, emphasizes the need for ongoing surveillance and funds to evaluate the effectiveness of those programs. I think that those funds have been sadly lacking over the last 10 years, and that the USDA is in the process of losing an opportunity to conduct a follow-up evaluation of that national WIC evaluation conducted by Dr. Rush.

Chairman SASSER. Thank you.

Senator Domenici?

Senator DOMENICI. Let me just ask both of you: When you address hunger, even in the new scientific way that you say may be evolving, would each of you tell us whether you believe that the allowance for food stamps is adequate or inadequate? There is a sliding scale dependent upon the level of poverty. However, if one were to assume the maximum food stamps for a family, I guess the question is: In your new CCHIP study, were you able to correlate your asking the questions of a head of a household, those nine questions—is it seven or nine?

Dr. DIETZ. Eight.

Senator DOMENICI. Eight. You're asking them those questions. Do you know when you ask them whether you are talking to a household that received maximum food stamp benefits. In that case, do you still get the same results? I think that would be interesting for us to know because that is one area where we have arrived at an objective evaluation that it is supposed to be sufficient for minimal nutritional attention. And you may be getting such results even on those that say they are at risk or maybe that they are hungry. It would be interesting for us to know if that is the case and why.

Dr. **Dietz**. Senator, let me correct you that I was not the person who conducted these studies.

Senator **Domenici**. I understand that.

Dr. **Dietz**. I reviewed the data. I think there are three points to be made about food stamps. The first is that in the calculations that I have seen, food stamps afford a household about 50 cents per family member per meal. I think that it is difficult, even for the shrewdest of households, to provide meals throughout the month on that allotment.

Secondly, in one of the studies which I reviewed intensively, the Washington State study, in Seattle and Yakima and Pend Oreille counties, there was no difference in the use of food stamps between those who were hungry and those who were not, suggesting that for the hungriest households, even those food stamps were not enough.

The third point is that there have been several studies of which I am aware which show an increased utilization of emergency food programs near the end of the month. And when those people who are using those programs are asked why, the most common response is because they have run out of their food stamps.

Senator **Domenici**. Let me just put it a little more objectively, and then I would like you to answer, Dr. Sidel. The maximum benefit for a family of four is $344 a month. Are you suggesting, in the marketplace of buying food for a family of four, that $344 is not enough? See, I am not so sure that that is the issue, but that is the way we would look at it.

Dr. **Sidel**. I think this is a more complex question, Senator, than it appears on its surface, for a number of reasons. First of all, there are those who are not getting food stamps at all, and as was just stated, we believe that in family after family in which this study that we are now talking about demonstrated that there were hungry children. These were families that were not getting any food stamps.

Now, in terms of those families that were getting food stamps, we have some very good data as to how well they were doing with those food stamps. For example, in New Haven, CN, 93 percent of those families who by this survey were found to be hungry reported that the food stamp benefits did not last the entire month. In fact, on the average, the families reported that these benefits lasted only 2.4 weeks out of the month. Therefore, there is very little doubt that in terms of the actual amount of food stamps received by families surveyed, they are not adequate to meet the food needs of poor families.

Senator **Domenici**. Well, I just wonder if by that you are finding some medical conclusions. But I just wonder if objectively $344 is enough or not. And it is very difficult for me to assume that $344 is not enough.

Dr. **Sidel**. The reason I started out my answer by saying it is a complex question is that it is my understanding—an imperfect understanding—that the food stamp benefits are reduced by the "income" or possessions of the household. It seems to me that number of those reductions are inappropriate in terms of the family's true needs. That may be part of the reason why the numbers don't add up, because of the way in which the food stamp benefits are being inappropriately cut back.

Senator DOMENICI. I think that is a very good point. I am just going to close by saying it seems to me that what we ought to do, objectively and professionally, we are going to start with $344 this coming year, we ought to objectively ask under ordinary circumstances, not deducting anything from it, is $344 enough? And if the answer is yes, then if it doesn't work, there is something else happening. And if the problem is what we deduct from it, if it is the way we are educating the families to use them, or if it is that what they are buying is not as nutritious as it ought to be, those are all things that are different issues from the adequacy of $344 for a family of four for 1 month.

Dr. DIETZ. Senator, if I could respond to that and come back to the earlier point that you made about the USDA survey of nutritional adequacy in families, I would suggest that the way to evaluate that is not by sitting in a room and calculating to determine whether it is enough, but going out into the community and measuring whether it is enough.

One of the problems that I think is illustrated by the USDA study is, from your description, that it involved calculations of whether families were meeting the RDA based on what they reported consuming. In my own research, I have data which suggests that there is absolutely no relationship between what is actually being consumed and what a family says it is consuming. Now, it is with another population; it is not with the poverty population. But the use of reported food intake to gauge dietary adequacy or its nutritional effects leaves several steps unmeasured.

Senator DOMENICI. Thank you, Mr. Chairman.

Chairman SASSER. Thank you, Senator Domenici.

Senator Robb?

Senator ROBB. Just one question, Mr. Chairman, because I am looking forward to hearing from the two witnesses that have actually experienced the adequacy of food stamps and what have you in their daily lives to give us some of the direct information that I think you said would be valuable.

Senator Domenici did make the point that there has been an increase in funding in this particular area since 1981, I think was the figure that he used. Has this resulted in—given the definition you use of hunger or any other adequate definition for comparative purposes, are we making progress in this area? Do we have more or less people today who are defined as hungry under the definition that you use?

Dr. DIETZ. Unfortunately, that is not clear because this definition is relatively recent in use.

Senator ROBB. Or any other definition that might have been used to give us some indication of whether or not we are making any progress or whether we have got more people that would qualify for the definition of hungry or less.

Dr. DIETZ. Unfortunately, we don't have any representative data for the U.S. population. I think people who are working in this area all report an increase in families at risk of families with undernourished children. But that is the point that I was trying to make, that this is not a scientific issue. The science isn't going to help give you the information you need to make that decision.

Dr. SIDEL. On the other hand, Senator Robb, there is a piece of evidence that I think contributes to an understanding of that. We know that families who are poor in the United States are now much poorer than they used to be. In addition, housing costs have gone up enormously in recent years, and this means that there is less left within a diminished set of resources for the family for food. So although I agree fully with Dr. Dietz that this definition of hunger and of risk of hunger is a relatively new one and, therefore, we cannot give you comparative data based on those definitions, we can tell you from other data that it is very likely that the amount of hunger among very poor families has gone up in the United States.

Senator ROBB. One other question occurs to me. You mentioned a minute ago that there is statistical evidence that indicates that food stamps last something between 2 and 3 weeks as opposed to the entire month. Is there any evidence that food consumption or any other measure of how useful the program may be is higher during the earlier part of the month and tapers off significantly toward the end? Or are there some other mechanisms that are completely outside of the Food Stamp Program that try to ameliorate some of those differences?

Dr. DIETZ. That is a good question. I don't know that anybody can give you a refined answer to——

Senator ROBB. It may well be that our next witnesses can address that.

Dr. DIETZ. I think one of the issues that you may hear is that there is no programmatic relief for those people that are running out of food stamps, but there is an increased reliance on extended family, or friends, or sending children over to someone else's house at night to eat—those kinds of strategies. I think that that is a real problem, that more and more families, particularly those families headed by single parents, don't have that network to feed their children.

Senator ROBB. Thank you, gentlemen.

Thank you, Mr. Chairman.

Chairman SASSER. Thank you.

Senator Grassley?

Senator GRASSLEY. Thank you, Mr. Chairman.

Dr. Dietz, I had a chance to look at your biographical sketch, which indicates childhood obesity as a major research interest of yours. I think it is true that obesity is more prevalent among lower-income populations than higher-income groups. Doesn't this indicate that shortage of food isn't the crux of the problem, as much as poverty in general and its accompanying problems, such as poor education, exercise, self-esteem, and probably a lot of other things?

Dr. DIETZ. Well, the data that you cite regarding the increase in prevalence of obesity is among lower income groups true for adults. It is not true for children. Among children, there is a direct relationship between fatness and socioeconomic class; that is, the wealthier your parents are, the fatter the children are.

In adults, on the other hand, there is a direct relationship between obesity and socioeconomic class in men, but not in women. In women, there is a rise in fatness with socioeconomic class up to a point, and then it falls. Wealthier women are thinner. Poorer women are heavier.

Now, I would also like to correct an assumption implicit in your question, and that is that obesity reflects adequate nutrition. All obesity reflects——

Senator **Grassley**. That is not meant to be implicit in my question.

Dr. **Dietz**. OK. I think it is an important distinction. When we are talking about adequate nutrition, we are talking about a balanced diet. And obesity only indicates an excessive intake of energy, so that trace elements like iron, trace elements like zinc, may be deficient.

Senator **Grassley**. Well then, I hope your testimony will help me clarify the point I was coming to. Nutrition is a direct rifle shot to solving the hunger problem, as opposed to a general approach to poverty. Because I was thinking, in my question to you, that we should address the general area of poverty, as opposed to just hunger and nutrition.

Dr. **Dietz**. My own personal opinion is that yes, we should be addressing the problem of poverty, which has a variety of adverse effects on health, including nutrition.

Senator **Grassley**. But for obesity itself, that would not be necessarily the case?

Dr. **Dietz**. That is correct.

Senator **Grassley**. Would it be possible to ask Dr. Sidel some questions? Is that appropriate?

Chairman **Sasser**. Certainly.

Seantor **Grassley**. Thank you. Because I was not here earlier to hear his testimony, I appreciate being able to ask you questions now. I want to ask you about your reference to private sector involvement.

Your testimony emphasized expansion of Federal programs to address hunger. There are some advocates for hunger issues which suggest that private sector involvement in the hunger issue is inferior to government programs. But chartiable contributions and private sector efforts reflect the general public's awareness and sensitivity to the plight of their neighbors.

Is not this desire "to help" that people reflect through their own private giving a favorable attribute which the Federal Government should stimulate and encourage and not supplant? Not that you suggest supplanting it. But such a heavy emphasis upon only the Federal Government's program as a solution tends to discourage private initiative or at least to send a wrong signal.

Dr. **Sidel**. With respect, Senator, I think not. I think the signal that the Federal Government needs to send is that this is a desperate problem for our society. Insofar as private contributions, private soup kitchens, private means of feeding people can help, they surely should be encouraged.

But the Federal Government needs to make it clear that private contributions cannot come anywhere near meeting the needs of hunger in our society, and that therefore, the Federal Government must take responsibility for making sure that people are not hungry, while at the same time encouraging the private sources.

Senator GRASSLEY. But your own personal view on this is that in no way should your heavy emphasis upon Federal programs send the signal that private initiative is not a worthy endeavor?

Dr. SIDEL. Certainly not, Senator. I think that those who want to do that should surely do it.

Senator GRASSLEY. Well, I felt a need for the clarification on your part.

Dr. SIDEL. If I may, Senator, when I speak before private groups, I tell them how important their help is. When I speak before the U.S. Senate, I tell them how important their work is. [Laughter.]

Senator GRASSLEY. Well OK, I would like to encourage private-public section cooperation as a better emphasis.

Now let me ask you specifically about effectiveness on the local level. I guess the support that the Food Stamp program and other nutrition programs get from the Congress reflects that the overwhelming majority of Congress agrees with you for national policy. What about in more localized efforts, though? Isn't the private sector more efficient in responding to some of those localized needs than a nationwide governmental program?

Dr. SIDEL. As we are discussing Senator, it may have been just before you came in, the WIC program seems to be one of the best organized, best regulated, best managed programs that government anywhere in the world has ever put on. So yes, I think there are very important roles for the private sector. I hope they continue and are expanded. But there is not substitute for good governmental programs.

Senator GRASSLEY. Thank you, Mr. Chairman.

Chairman SASSER. Thank you, Senator Grassley. Senator Bond?

Senator BOND. Thank you, Mr. Chairman.

Gentlemen, this past week I had the opportunity back home in Missouri to visit several housing developments. We used to call them projects. But they are now quite proud to call them developments. And I also spoke to a number of representatives of food banks in Missouri.

They emphasized two things to me. Number one; the food banks in Missouri, thanks to State law, receive substantial donations from food distribution companies. And secondly, they were emphasizing the importance of the TEFAP Program, the Temporary Emergency Food Assistance Program.

And in the development, they were saying that they make their distributions at the latter part of the month, and this is a very important part of their food program for the residents of those developments. Have you, in your studies of these food programs, come up with some indication of the amount or the degree to which these programs in addition to the Food Stamp programs are relied upon; what roles should they play; would you expand the TEFAP Program, or would we be better off putting those resources now—we appropriate $120 million to TEFAP because we no longer have surplus dairy products?

Would we be better to put that money directly into food stamps, or do you support funding the TEFAP at the current level?

Dr. DIETZ. I am afraid I am not aware of any studies that have shown either a clear benefit of TEFAP versus no benefit at all.

One of the concerns that raises for me is that the degree to which we have institutionalized emergency feeding programs—I mean, we are now talking about a significant component of the budget that is going for an emergency food program year after year.

Senator BOND. Well, it is not. It still keeps the title. It is distributed every month. It is an ongoing, in this instance, federally supported activity that supplements the private charitable donations to the food banks which, at least in our State, play an extremely important role in supplementing the diets of people in poverty.

Dr. DIETZ. Well, I understand that. I agree with you.

The concern that I have, is that I am forced to refer a family to an emergency feeding program like the food banks you mentioned or food pantries because there is not any governmental or institutionalized referral network that will feed the family outside of this emergency network. And to me, that is the greatest concern—that emergency feeding programs have now been institutionalized, and that institutionalization, I think, reflects a failure of both the public and the private sector to provide for those people in our population.

Dr. SIDEL. It also should have been part of my response to Senator Grassley's question on private versus public.

When a desperate need arises in the community, people will dig into their pockets; private institutions will help on an emergency basis. But we cannot count on that as a basis for solving a continuing problem.

I am afraid I hear in your question—I do not think you mean it it be there, Senator—but I hear in your question what I refer to at the very beginning of my testimony. I have the privilege of testifying for other committees of the Congress. If I testify, for example, before the Nutrition Subcommittee of the Committee on Agriculture and I say, "We need more money for all of these programs in nutrition," their response to me is, "That is not our business. We deal with the allocation of resources within our budget function."

I have learned that word "budget function" recently. It is not taught in medical school. And you have to go to somewhere else if you want to talk about moving resources from other functions into the nutrition budget function.

So that is why I am so pleased to be here. This committee deals not just with the nutrition budget function, but with the whole function—the word now used in a different way—of the Federal budget. And so may I argue with you, Senator, respectfully, that it is not a matter of either TEFAP or food stamps. We need both of them desperately, and we need more resources in both of them.

Senator BOND. Well, Doctor, I fully understand that your position here is to argue for more. Everybody wants more. And certainly there are very many compelling reasons that we hear where we should give more.

But I simply ask for a judgment on the effectiveness of these two programs. Because the simple answer is we do not have unlimited resources, and we do have to make choices.

Let me just ask one other quick question. I appreciate the testimony on the WIC program. I have long thought this is probably the most important thing in terms of preventing problems; preventing childhood nutrition problems and a whole range of health problems. In Missouri, we have also combined this with a Parents as Teachers Program that involves health screening and education for the parents and for the young children; in combination with Head Start, day care and other programs, we ensure that children get off to a good start.

From your view, your experience, are ther other preventive programs where we ought to be making investments to ensure that what we achieve under the WIC program continues as that child goes through the critical development stages?

Dr. SIDEL. I will gladly respond, Senator, I hope you will not think I am just asking for more. But I think one of the things we need is full employment in the United States—to make sure that everybody who wants a decent, well-paying, productive job has access to it.

Senator BOND. Is government going to provide that?

Dr. SIDEL. Government in these United States, it is my understanding, Senator, still permits levels of unemployment to continue that make for poverty among people that are unemployed. Remember, I come from the Bronx, Senator, and there is a lot of unemployment in the Bronx, particularly among young people.

And so government has, in my view—I many be wrong—an important role in making sure there is adequate employment with adequate income for people in the United States. I think there are many other kinds of things that government can do that deal with some of the broader issues, as well as continue the benefits that WIC and other food programs provide for kids.

So if that is asking for more, I apologize for it. But I am afraid more is needed.

Dr. DIETZ. I would agree with the employment issue. The housing issue is one, I think, which is of concern particularly to this population. When you are on a limited budget and three-quarters of that budget goes for housing, you do not have a lot left for food. And I think that you can argue about whether that is a housing issue or a nutrition issue.

Senator BOND. The section 8 program obviously needs more resouces.

Gentlemen, thank you very much.

Thank you, Mr. Chairman.

Chairman SASSER. Thank you very much, Senator Bond.

I am advised that Senator Simon—do you want to——

Senator SIMON. I do not have any questions. I regret I did not hear the testimony. I appreciate that the leadership you are showing in this area.

If I could just tie on, Dr Sidel, onto the tail end of your remarks. If we provide employment opportunities, and we can—it is just whether we have the will to do it. Congressman Hawkins of California and I have a bill in that says any American who is out of work five weeks or more can work 32 hours a week at the minimum wage or at 10 percent above welfare, 10 percent above unemployment compensation, so that we pay people for being productive.

That is not a lot of money. At the present minimum wage, forgetting the new one, with 32 hours a week, the minimum wage is $464 a month. But the average family on welfare in Illinois, and Illinois pays better than most States, gets $315 a month. The average family on welfare in the State of Alabama gets $113.70 a month.

We can do better. And if we give people the opportunity to work, we not only satisfy the needs of hunger, we also give people a chance for pride and a feeling of participation, and I think that is very important.

I am sorry. I regret I was not here to hear you.

Dr. SIDEL. Let me just, if I may, add one word to that. I am sure you are not saying that it is a matter of either/or; that is, we both have to provide those employment opportunities and deal with the critical problems of hunger——

Senator SIMON. Absolutely.

Dr. SIDEL [continuing]. That exist in the United States.

Senator SIMON. Absolutely.

Thank you, Mr. Chairman.

Chairman SASSER. Thank you very much, Senator Simon. One quick question, as a follow-up on Senator Domenici's question. He was indicating that a family of four can get $344 under the Food Stamp program. And at first blush, that appears to me that that ought to be enough to feed a family of four in the rural areas of my State. Yet I encounter mothers who I gather are good managers, and certainly are very sincere, who indicate to me that on the Food Stamp program they start running out of food towards the end of the month, and there are days where perhaps the mother does not eat or somebody does not eat.

What is happening here? What is wrong with the Food Stamp Program? What are these set-offs that deprive people of the full benefit of the program?

Dr. SIDEL. My only comment is that I understand that later in these hearings you are going to be hearing from Robert Greenstein. He is an expert on these questions of the setoffs and on the deductions that make it impossible for familes to live on current food stamp allotments. I am afraid that is beyond my competence.

Chairman SASSER. We will just reserve that question until his testimony.

Gentlemen, thank you very much for your appearance here this morning. It has been very helpful.

Our next witness this morning are two women from the State of Maryland, and we have with us this morning the distinguished senior Senator from the State of Maryland, Senator Sarbanes, who will introduce his constituents to the committee.

Senator Sarbanes, we want to welcome you here this morning and thank you for your appearance to introduce your constituents to the committee. The committee takes full cognizance of your long-standing interest in nutrition programs and your strong support of them, both on the floor of the U.S. Senate and in many of your statements made publicly over the years. So, we are delighted to have you with us this morning.

STATEMENT OF HON. PAUL S. SARBANES, A U.S. SENATOR FROM THE STATE OF MARYLAND

Senator SARBANES. Mr. Chairman and members of the committee, thank you very much. I will take only a moment or two of the committee's time, but I did want to come with the two Maryland mothers who are here to talk about the food programs.

First of all, Mr. Chairman, I want to commend you for holding this hearing on hunger and America's children. It is an enormously important topic, because, obviously, the future of our country is very much bound up in this issue, and we are pleased to have with us today Peggy Adams and Mary Tamper to testify.

They have been working with the Maryland Food Committee. I want to say just a word about the Maryland Food Committee and a word about these two witnesses and then just a closing observation.

The Maryland Food Committee, with which I have worked very closely over the years, is probably the preeminent statewide antihunger organization in the United States. It was formed just over 20 years ago by physicians, religious leaders, teachers, and people interested in social issues, to address the chronic hunger issue, and it has played not only a leadership role in our State, but a leadership role in the Nation.

It was very much involved in pioneering a pilot infant formula program, from which the WIC program was launched. It has fought effectively for the delivery of WIC to as many mothers and young children as possible. It raises significant moneys from the private sector for direct grants for food programs and, although they are the first to make very clear they do not regard it as public versus private. It is public and private, and they would be the first to tell you that the dimensions of the problem are such that we need strong public programs, in addition, we need strong private involvement.

Maryland has good school lunch/school breakfast programs, largely as a result of the efforts of the Maryland Food Committee. The Maryland Food Committee created and helps to sustain a statewide food bank network, and has conducted surveys which have demonstrated that the problem of hunger continues to far exceed our ability to marshal resources to deal with it, so that even with what we are doing, it is clear by every survey that there is much more that needs to be done. There are needy people who simply fall outside of the parameters of these programs and are not covered.

The two ladies with us this morning, Ms. Adams, a resident of Montgomery County and Ms. Tamper of Prince George's County, are here really to give a personal prespective. They are expert witnesses, not because they are policymakers or scholars or authors, but because they have directly confronted the problem of hunger within their own families. They have worked closely with the Maryland Food Committee and I note that Darold Johnson, public policy specialist from the Food Committee is here with them this morning.

These ladies have not only had to address the problem in their own families, but partly as a consequence of that, have become active in their communities, and have helped to form citizens groups in their own areas that are concerned about these issues. Their efforts have had an impact, I think, on their communities and on Maryland's ability to deal with this issue.

Finally, Mr. Chairman, let me just make this observation: 4 years ago, as chairman of the Joint Economic Committee, I held a series of hearings on food and investments in the Nation's future. These hearings were an effort to try to look into the future and take a long view on investment needs in such diverse fields as the environment, health, transportation, research and development—the whole range of things, as you think about the future strength of the country.

One of those hearings was devoted to preventive health care and, in effect, became a hearing on nutrition, because the very distinguished witnesses from the medical community who testified spoke at length about the WIC program and other nutrition programs. They made the point, particularly in terms of preventive health care, that the cost of providing adequate feeding today would be more than repaid in the future, in terms of saved health care costs, improved productivity, and improved output.

It is clear from the medical experts, that inadequate nutrition in the critical early years cannot be made up later on. It has an impact which cannot be remedied. There are remedial programs for subjects like reading, but there are no effective remedies for stunted growth of body and mind which occur at early ages. You can, to some extent, ameliorate it, but you cannot remedy it. It often leaves an impact that cannot be turned around.

So, I think these hearings are of enormous importance and I am most appreciative to you for having them. I am very delighted that you are going to hear from two Marylanders about their own personal experiences in this field.

Thank you very much.

Chairman SASSER. Thank you very much, Senator Sarbanes. We very much appreciate your appearance here and appreciate your observations and your continued good work with the Maryland Food Committee.

Thank you.

Senator SARBANES. Thank you, Senator.

Chairman SASSER. This morning, we are going to hear from Mary Tamper, as Senator Sarbanes said. Ms. Tamper is a widow who lives with her two sons, age 7 and 5, in Prince George's County, MD. Because of her husband's untimely death and her own illness, she was forced to seek public assistance.

We look forward to her testimony, and she will be joined by Ms. Peggy Adams. Ms. Adams has nine children and lives in Montgomery County, MD. She now receives support from the WIC program for her three youngest children, and also from the AFDC program and food stamps. Ms. Adams was separated from her husband and the family's income was abruptly cut off. It took Ms. Adams, as I understand it, 2 months to get food stamps last winter. Her husband's income at one time was $55,000.

So, ladies, we welcome you here this morning and we will begin with you, Ms. Tamper.

STATEMENT OF MARY TAMPER, PRINCE GEORGE'S COUNTY, MD

Ms. TAMPER. Thank you.

Hello, my name is Mary Tamper. Six year ago, my middle-class world, as I knew it, came tumbling down. My family at that time consisted of my son Justin, my husband William and myself.

My husband's chronic sore throat was diagnosed by a specialist in Baltimore as leukemia. His illness and death has change my world. It has been a struggle for me since his death. It seems that for every two steps forward that I take, I would take one back. But we kept moving, trying to stay ahead of unexpected medical costs.

In December 1983, I had a series of tests done, because I was afraid of what was happening to my body. I found out I was 4 months pregnant with twins, and at that time I was told that something was wrong with one of the babies. I tried to continue to work as a teacher's aide, but I found that I could not.

In January 1984, I was told that one of my babies had died because of strain and stress. Having lost a paycheck, I applied for food stamps and I was told that I had to use my husband's income for that month. Then the caseworker told me that I was $1.27 over the income eligibility and they could not help me.

Lost, a friend told me about the WIC program. Through WIC, I found out I was eligible for food, because I was pregnant and was having difficulties with my pregnancy. Not being able to pay bills or buy food, we were forced to move into my mother's crowded house.

On April 10, 1984, my son Tyrell was born by cesarean, normal, safe and healthy, while his twin was still-born. I took Tyrell home to a big celebration. During a routine WIC visit, the nurse found out that Tyrell was anemic. The WIC program provided me with iron fortified formula, and a doctor friend provided free samples of a drug Tyrell needed. Tyrell recovered quickly. All I can say is thank God for WIC.

In August 1985, I received social security survivor's benefits. My first check was $6,500. After that, my monthly check was $770. In 1986, I was hospitalized and diagnosed as having an auto immune disease or Shoguns. By this time, the little money I had was gone and my medical, food and shelter expenses had consumed most of my savings.

I started tutoring neighborhood kids to earn some extra money for food and utilities. There were times when the money ran short and we had no food. However, the food I received from the WIC program helped. We would not have made it without the WIC food. There were times when the WIC eggs and cheese served as breakfast and dinner. There were also times when my son would say, "Ma, I know you just fed me, but I'm still hungry," and that hurt me more than any knife could, because there was no food in the cupboard to feed him.

When I could I would get food from a pantry. However most of them were either too far or not on the busline, so they were not accessible to me. At least when my kids were on WIC, I knew there would be food in the house. We also got by with the help of some families and friends and a few enemies.

Times are better now. I find myself helping out my friends and neighbors, because I know how it is. Going to Tyrell's Head Start class made me feel worthwhile. Being in a classroom again was fun, and there was also a leadership training session that helped.

In December 1988, I applied for the food stamp program again. I did not have money for Christmas or no food. I received a letter that said that I was eligible for $7 worth of food stamps. I never wanted a handout. I just wanted some help, going through a difficult time. That is why I walked down to Social Services and told them they could keep their $7, that was not going to feed me or my children.

At this moment, I promised my children and myself that they would never go hungry, even if I had to bounce a check. My mother teases me now, because I tend to buy more food than needed. One time I purchased a case of tuna fish, enough to feed my family for a month. But when my friends and neighbors need some food, I am able to help them.

Has hunger hurt my boys? Yes, I have noticed my youngest child is brighter and more outgoing in school and learns things easier than his brother. It has taken my older son some time to increase his learning ability. He now scores high on math skills. My youngest is in kindergarten now and can do simple math. School meals have helped both of my sons do better in school.

I am also helping others. The leadership training I received through the Head Start Program has enabled me to start the Community Leadership Educational Organization (CLEO) in Prince George's County. This voluntary organization monitors the WIC program in the county. CLEO helps WIC mothers understand their rights. We are also working to get a food pantry in the Head Start Centers, to meet the needs of the parents in the community. Locating a pantry in the Head Start Center will address the transportation problem, because parents are allowed to ride the bus with their child.

Things are better now for me. We have moved into a house where my rent is subsidized, and I continue to educate people that, regardless of their circumstances, they have a right to be treated with respect and dignity.

I thank this committee for the opportunity to speak to them today.

Chairman SASSER. Thank you, Ms. Tamper.

[The prepared statement of Ms. Tamper follows:]

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HUNGER AND AMERICA'S CHILDREN

MARY TAMPER

PRINCE GEORGE'S COUNTY, MARYLAND

Testimony Prepared for the

Committee on the Budget

United States Senate
Washington, D.C.

February 20, 1990

Hello, my name is Mary Tamper. Six years ago my middle class world as I knew it came tumbling down. My family at that time consisted of my oldest son Justin, my husband William, and myself.

My husband's had a chronic sore throat which caused several trips to the doctors office without results. Then his gums began to bleed after a trip to a local hospital. It was recommended that we see a specialist in Baltimore to help. From them we learned that William had Lukemia and he immediately began chemotherapy. It was hard to work as a Teacher's Aide for the Prince George's County Schools, and go to Baltimore each day as well. Additionally finding a baby sitter for a small boy was very costly.:

Shortly after William started his treatments, I found out that the apartment we lived in was being totally evacuated for some hot shot plan to change them into town-house. I was being faced with mounting hospital bills and trying to get money to move.

My neighbors, friends and family were a great help. One kept my son while I went to visit his father. A week after starting chemotheray Williams kidney failed and he had repertory problems. The doctors told me he was doing much better - he was still a sick man - but he would be all right. Two days later he died of a heart attack. He was buried one month before his 42nd birthday.

As I tried to get my life together with work and my son, I became increasingly sicker. The doctors said it was stress from William's sickness and death.

In December 1983, I had a series of test done because I was scared of what was happening to my body. I found out I was four months pregnant with twins. It was then that I was told that something was wrong with one of the babies. I tried to work, but I could not.

In January 1984, I was told that one of the babies had died because of the strain. I could not work anymore and I went on leave without pay

Having lost my a pay check, I applied for Food Stamps. I was told to use my husband's income for that month. Then the caseworker told me I was a $1.27 over the income eligibility and they could not help me.

Lost, a friend told me about the WIC program. Through WIC I found out I was eligible for the food, because I was pregnant and having problems with my pregnancy. Not being able to pay bills, or buy food, we were forced to moved in with my mother's crowded house.

On April 10, 1984, my mother's birthday, my son Tyrell was born delivered by Cesarean. Normal safe and healthy, while his twin was still born. I took Tyrell home to a big celebration.

During a routine WIC visit, the nurse found that Tyrell was anemic. The WIC program provided me with iron fortified formula, and a doctor friend provided free samples of a drug Tyrell needed. Tyrell quickly recovered. All I can say is thank God for WIC.

I was looking forward to getting my life in some order. I returned to work as a Teaching Assistant part-time. Only working part-time I could not afford day care, all of my paycheck was going for child care. **As pressure mounted I resisted going to Social Services, because I had always said I would not go on public assistance.** But never say never, because you do what you have to do for your children.

So, I called the Department of Social Services and asked for an appointment and an application. It was at this time I learned I could receive Social Security Survivor Benefits. Unaware I had the right to such benefits I went to the Social Security Administration the next day because my son had a doctors appointment in the next building. I decided to go and talk to someone and ask if I was entitled. I filled out this long drawn out form. The worker told me they would contact me if they needed any information or send a letter saying when I would start receiving checks, if any.

It was in July that the Doctor informed me that my baby had baterial meningitis. Fortunately, the next week I received a letter saying I was entitled to AFDC, Food Stamps, and Medical Assistance and a check would follow in a few weeks.

This letter was followed by a letter from the Social Security Administration (SSA) saying I wasn't going to receive survivors benefits. I asked them to recheck their information, because the they said my oldest son was born before the marriage and the baby was born nine (9) months after his father's death. Social Security said no, their information was correct. It wasn't.

In August 1984, I received one check for food stamps and a medical assistance card for six (6) months. I still received denial letters from Social Security. I went to Social Security 4 or 5 times to try to explain my side without success.

In September, I started having eye problems. When one eye infection would clear another would come. My eye problem progressed and so did my battle with the Social Security Administration. A friend who worked at the SSA office was helpful in keeping me up to date on the status of my application.

Doctors told me that stress was the caused of some of my problems but they had no root cause for the problems with my eyes. Social Services cancelled my Medical Assistance card, because I had a claim in with Social Security. **Now I have no medical insurance for me or my children.** In January 1985, with the help a patient doctor my eye sight returned.

When my eyesight returned, so did my confidence. I continued my battle with the Social Security Administration. I also began babysitting and tutoring. After more than a year of struggle, I finally received a Social Security check in August 1985 . I received $6,500 for the children of William Taylor. The letter enclosed said this amount was for back monies and I would receive $770 a month.

A month later, my grandmothers illness caused my mother to return to Ashville, NC. This forced me to get an apartment on my own. A girlfreind helped me get an apartment for $605 a month. Finding it tough to make ends meet on a $165, after paying rent, I reapplied for Food Stamps. I received $18 the first time and $23 after that for six (6) months. I asked why the amount was so small, and I was told that it was all my household income needed to be supplemented. I was turned down for Medical Assistance because my income was too high.

In January 1986, I started having problems with my eyes again. This time I did not have any medical insurance. So I was told about SSI. I checked into SSI, and was told that my children's money would be cut in half and the amount I would receive would not make up the difference. I declined the SSI and kept the Survivor's benefit check for the kids.

In an attempt to resolve my eye problem I went to the Washington Hospital Center Eye Clinic, in Washington, DC. I was hospitalized and diagnosed as having Auto Immune System disease called Shuguns disease. Shuguns is a disease in which the body attacks itself. My illness causes my eyes to dry up and arthritis in my joints.

By this time what little money, I had was gone. My medical, food and shelter expenses has consumed most of my savings. While in the hospital I was told I was eligible for Food Stamps and Medical Assistance. The nurses were correct, if I lived in DC, but not in Maryland. I was over scale for Medical Assistance and my Food Stamps were cut to $11.

I started tutoring neighborhood kids to earn some extra money for food and utilities. **There were times when money ran short and we had no food; however, the foods I received from WIC helped. We would not have made it without the WIC foods. There were times when the eggs and cheese WIC provided served as breakfast and dinner.**

There were also times when my son would say, mom, I know you just fed me, but I'm still hungry. This hurt me more than any knife or sword, especially when there was no food in the cupboard. When I could I would get food from a pantry, but most of them were either too far or not on a bus line, so they were not accessible to me. At least when my kids were on WIC, I knew there would be some food in the house. We also got by with the help of family, friends and a few enemies. **Times are better now and I have found myself helping out some of my neighbors and friends, because I know how it is.**

It has been a struggle since my husband died. It seems for every two steps forward I take, I take one step back. But we have kept moving trying to stay a head of unexpected medical costs.

By now Justin was in first grade, and Tryell was in Head Start. Going to Head Start classes started to make me feel worthwhile again. Just being in a classroom again was fun. The leadership training sessions also helped. However, Social Security continued to question me. They sent me a letter saying my children did not live with me and made me prove that they did.

In December 1988, money was tight so I applied for food stamps again. I did not have money for Christmas or food. I received a letter saying that I eligible for $7.00 worth of Food Stamps. As I said earlier, I never wanted a handout, all I wanted was a helping hand to help me get through a difficult time. **That's why I walked down to the Social Service office and told them they could keep their $7, because that was not going to feed my kids.** It was at this moment that I promised my children and myself that I would not let my children go hungry again, even if I have to bounce a check.

My mother teases me because I tend to buy more than I need when things are on sale. I once brought a case of tuna fish. This was enough tuna fish to last my family a month. However, when a friend of mine was in need of food recently, I was able to give her some tuna fish, and other can goods. . . .

Has hunger hurt my boys. Yes. I have notice my youngest son is brighter and more easy going, and will learn things easier in school than his brother. It has taken my older son sometime to increase his learning abilities. He is now scoring high on math skills. My youngest is now in kindergarten and can do simple math. **School meals have help both of my sons do better in school.**

I am also helping others. The Leadership training I received through the Head Start program has enabled me to start the Community Leadership Education Organization (CLEO) in Prince George's County. This voluntary organization monitors the WIC program in the County. CLEO helps others in the community know their rights. We also are working to get food pantries in Head Start Centers to meet the needs of parents in the community. Locating a pantry in a Head Start Center will address the transportation problem, because parents are allowed to ride the bus with their child.

Things are better now. I have moved into a house and my rent is subsidize. I will continue to educate low income people that they are people regardless of their circumstances; and they have the right to be treated with respect and dignity.

Thank you.

Chairman SASSER. We will now hear from Ms. Adams.

STATEMENT OF PEGGY ADAMS, MONTGOMERY COUNTY, MD

Ms. ADAMS. Good morning, Mr. Chairman. My name is Peggy Adams, and I would like to thank you for allowing me to come and testify today.

Prior to 1987, I was a housewife and mother of a large family. My husband was an electrical engineer and we chose to have a large family. There were many sacrifices, but we were able to provide for our children.

In January 1989, my husband was sentenced to 5 years in prison for child abuse. Leaving home to work was not an option for me, because I had three children under school age at home, the youngest of which was only 6 months old. My house is small and it is fairly old, so it is in constant need of repair, so I could not make it through all the regulations for me to do licensed day care at home.

Three months after my husband's incarceration and 2 months after a total loss of income, I was finally enrolled on AFDC, food stamps and medical assistance. During the interim, we relied on a food pantry in Montgomery County called Manna. A couple of times, friends brought us groceries. We also received food from the WIC program for three of my children and stretched it for 10 of us.

All of my children lost weight. They ate mostly cooked kidney beans and pinto beans, white rice and Cream of Wheat. My 3-year-old daughter was diagnosed as anemic by the WIC program. In 17 years of parenting, I had never before had an anemic child. I knew the right foods to feed her, but I did not have them.

The WIC nutritionist reviewed with me some of the least expensive resources for iron and I found that to be helpful. When someone is under the stress of not knowing if and how you can even keep your housing and your kids are always hungry, you start to think in terms of "fillers," instead of nutrition.

A child is not interested in what is good for them, they just want a full stomach. As a mother, it is a hard choice between giving your children very small portions of nutritious food or filling their empty stomachs up. The amount of greens that we could serve for each person was equivalent to the amount of parsely you decorate a plate with at a fancy restaurant.

People talk about the importance of brain growth in a preborn infant and how a lower-birthweight baby can mean not only less fat cells, but less brain cells, too. Well, I cannot help but wonder what has happened to may children's brain growth, when my 65-pound 9-year-old son dropped to 60 pounds, or my 5-year-old son dropped from a size 6 to a size 5 slim. My 8-year-old twins have worn size 6/6X clothes for 2 years. I have seen my children's bodies stop growing like they should and I pray it is not their brains as well.

My children have always been above-average students, getting mostly A's and B's. This past year, I have seen some D's on their report cards. Who is to say what has more effect on them, the lack of nutritious food or the stress of trying to overcome the lack of some basic needs, be it food, health care or a decent place to live.

My children always wonder about what would happen if I die, because nothing is secure any more. My 5-year-old son says he does not want to visit his father in jail, because he is afraid he will get hungry. My children are always asking for food, and you may think that is fairly typical of children, and perhaps it is, but half the time, I do not have enough food to feed them when they are hungry. They seldom have a snack between lunch at 11:45 a.m. and dinner at 6:00 p.m. Sometimes I serve dinner earlier, because they are so hungry.

At the end of the month, there are times that I only have a sandwich and a piece of fruit for their lunch. I try to be as thrifty as I can, shopping at discount grocery stores and making most things from scratch, but I still barely get through the month. I supplement my food stamps with regular use of the surplus food distribution and occasional private donations from area church groups or churches. The only guaranteed resources I have, though, is the surplus food distribution, other than the food stamps.

My children go to school with the usual lunch of WIC orange juice, a sandwich, an apple or orange and sometimes popcorn or carrots or raisins or home-baked cookies. My children consider this a big lunch, and they speak longingly for the things that their friends regularly have. If I were not home during the day or had no transportation to a discount grocery store, I would not make it on food stamps past the third week of the month.

It was while I was applying for public assistance that Suzanne Tarica, of the Maryland Food Committee, began to talk with me about forming an organization of clients to help people in need, to sort through the mazes of being help. I thought it would be a wonderful opportunity to make something positive happen from my own misfortune.

So, Suzanne, myself and some other people formed Clients Helping Clients. It is an organization specifically set up to help the needy in Montgomery County, MD, to access all of the sources of help that they are eligible for. Clients Helping Clients is staffed by volunteers who are clients of government organizations, who will refer needy people to government and private organizations, help them fill out complicated forms, give a sympathetic ear and even be an advocate when it is needed.

Through my work with this group, I have come into contact with many cases similar to mine and some even worse. It has been my experience that many children at the proverty level have no involved father, and have no secure living arrangement, if they even have a home at all.

Children in low-income families cannot afford the same housing, clothes, shoes, car, or recreational activities as their friends. Obviously, there do have to be some adjustments to being poor, but do they have to be hungry on top of everything else? How can a child expect to do any better as an adult, when it is raised in an environment where it never measures up to the standards of its peers.

Children are resilient and can often overcome many difficulties, both physically and emotionally. However, it seems we are asking too much of a poor child to weather physical poverty, the difference in their clothes and things, and emotional poverty, meaning no involved father and at times no emotional support from mom, because she is so burdened down with trying to meet the basic needs of the family. These situations are bad enough alone, but a child's hunger can make poverty seem unbearable. It is difficult for children to deal with hunger on a daily basis, while they watch their friends eating food they can never afford.

We can and must end hunger in America, and I hope Congress will work toward this goal. Thank you.

Chairman **Sasser**. Thank you very much, Ms. Adams.

[The prepared statement of Ms. Adams follows:]

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HUNGER AND AMERICA'S CHILDREN

PEGGY ADAMS

MONTGOMERY COUNTY, MARYLAND

Testimony Prepared for the

Committee on the Budget

United States Senate
Washington, D.C.

February 20, 1990

Good morning Mr. Chairman, my name is Peggy Adams. Prior to 1987, I was a housewife and a mother of a large family. My husband, an electrical engineer, and I chose to have a large family, and even though there were many sacrifices for the children, we were able to provide for the children through his income of $55,000.

During the fall of 1987, my husband and I separated. The checks I received from my husband helped me keep the family together. My earnings from his support was about $35,000. The difference in income ment we lived waiting for the next paycheck.

In January 1989, my husband was sentenced to a 5 years in prison. His sentence ment that my children and I were going to face some hard times due to the loss of income. My youngest child was about 6 months old, and I had a total of three children under school age at home, so leaving home to work was not really an option. My house is small, crowded, and fairly old. It is in constant need of repair, so I could never make it through all the regulations for me to do licensed day care at home.

I had about 4 weeks worth of severence paychecks from my husband's job, to figure out how we could live after that. I called Social Services for an appointment and was told that even though my husband was now in jail, and I knew I would not receive any checks after January, Social Services said that I had to wait until the checks stopped before I could apply.

In February, I went and got an application for AFDC, Food Stamps and Medical Assistance, but I couldn't get an interview with a caseworker until the beginning of March. So I completed the forms and gathered all of the verification needed in preparation for my appointment in March.

When I went for my interview they said I was not eligible for expedited food stamps because I had received a $1,000.00 check from the Victims Assistance Fund about 25 days before, so I was just under the 30 day "no income" policy. But that $1,000.00 didn't even meet all I needed for my $1,200 mortgage and other basic necessities! In addition I had to go and verify how I had been living for the 40 days or so with no income.

I returned within a week with the needed verification and was told they would process my application and let me know.

Three (3) weeks later, I called Social Services, and the caseworker acted surprised that I had not received my Food Stamps yet. He said that I was eligible for expedited Food Stamps the second time that I came-in with the additional verifications, because the "30 day" without period had past, but it was a different worker who saw me that time and he had overlooked that.

Three month after my husband's incarceration, and two month after a total loss of income, I was finally enrolled on AFDC, Food Stamps, and Medical Assistance.

During the interim, we relied on a food pantry in Montgomery County called MANNA; a couple of times some friends bought us some groceries; and we received food from the WIC program for three (3) people (stretching it for 10 people). All of my children have lost weight. They ate mostly cooked kidney beans and pinto beans (very bland, because we had no salt pork or fatback for flavor), white rice (someone gave us a 50lb. bag), and cream of wheat.

My three (3) year old daughter was diagnosed as anemic by the WIC program. **In 17 years of parenting I had never before had an anemic child. I knew the right foods to feed her, but I didn't have them.**

The WIC nutritionist reviewed with me some of the least expensive resources for iron, and I found that to be helpful. **When someone is under the stress of not knowing if and how you can even keep your housing, and your kids are always hungry, you start to think in terms of "fillers" instead of nutrition. A child isn't interested in what is good for them - they just want a full stomach. As a mother, it is a hard choice between giving your children very small portions of nutritious food, or filling their empty stomachs up.** The amount of greens we could serve for each person was equivalent to the amount of parsley you decorate a plate with at a fancy restaurant.

People talk about the importance of brain growth in a pre-born infant, and how a "lower birth weight baby" can mean not only less fat cells, but less brain cells too. Well, I can't help but wonder what has happened to my children's brain growth when my 65 lb., 9 year old son dropped to 60 lbs., or when my 5 year old son dropped from a size 6 to a 5 slim. My 8 year old twins have worn size 6-6x clothes for two years. **I have seen my children's bodies stop growing like they should, and I pray its not their brains as well.**

My children have always been above average students, getting mostly "A's" and "B's". This past year I have seen some "D's" on some report cards. Who is to say what has more effect on them, the lack of nutritious foods, or the stress of trying to over come the lack of some basic needs, be it food, health care, or a decent place to live?

While we waited to get on welfare, we gave away our family dog and our cats which was traumatic event for our family. Even more traumatic is the uncertainty my children felt, not knowing where they would live in 6 months or less, and whether there would be any food to eat - **a child can't seem to forget an empty stomach.**

My children always wonder about what would happen if I die, because nothing is secure anymore. My 5 year old son doesn't want to see his father in jail because he's afraid "he'll get hungry." **My children are always asking for food. You may think that's fairly typical of children, and maybe it is, but half of the time I don't have enough food to feed them whenever they are hungry.** They seldom have a snack between lunch at 11:45 am, and dinner at 6 pm. Sometimes, I serve dinner earlier because they are so hungry. At the end of the month, there are times that I only have a sandwich and a piece of fruit for their lunch.

I try to be as thrifty as I can, shopping at discount grocery stores, and making most things from scratch, but I still barely get through the month. I supplement my Food Stamps with regular use of the Surplus Food Distribution and occasional private donations from area groups or churches, but only the Surplus Food is a guaranteed resources.

My children go to school with a usual lunch of WIC orange juice, a sandwich, an apple or orange, and sometimes popcorn, carrots, raisins, or a home baked cookies. My children have seen slim times and consider these extras a "big lunch," but they speak longingly for some things that it seems all of their friends regularly have. With this month's Food Stamps I decided to buy some of these fruit snacks, crackers, and some cheaper store brand type of cookies. Well, 3/4 of my food stamps were gone in one shopping trip. Granted, this food will last somewhere from 2-3 weeks, but I didn't even buy any meat on that shopping trip, not to mention the two extra times a week I pick up milk. **If I were not home during the day, or had no transportation to a discount grocery store, I would not make it on food stamps past the third week of the month.**

Many children at the poverty level, have no involved father, have insecure living arrangement, if they even have a 'home' at all, and we can not afford the same housing as their friends, the same clothes, shoes, car, or even the same recreational activities - like an occasional family bowling or swimming outing, or even to have a child to join a sports team. **Obviously there have to be some adjustments to being poor, but do they have to be hungry on top of everything else? How can a child expect to do any better as an adult when he is raised "never measuring up" to the standards of his peers?**

Children are resilient, and can often overcome many difficulties both physically and emotionally, however; it seems we are asking too much of a poor child to weather not only physical poverty - differences in clothes - but emotional poverty as well. By emotional poverty I mean no involved father, and at times no emotional support from mom because she is so burdened meeting the basic needs of the family. A child's hunger only makes poverty worst. **It's difficult for children to deal with hunger on a daily basis, while they watch their friends eating food they could never afford.**

It was during this rough time of applying for Public Assistance that Suzanne Tarica of the Maryland Food Committee began to talk with me about forming an organization of clients to help people in need to sort through the maze of getting help. I thought that it would be a wonderful opportunity to make something positive happen from my misfortunes.

So, Suzanne, myself and some other people formed Clients Helping Clients. It is an organization specifically set up to help the needy in Montgomery County, Md. to access all of the sources of help they are eligible for. Clients Helping Clients, is staffed by volunteers who are "clients" of government organizations who will refer needy people to government and private organizations, help them fill out complicated forms, give a sympathetic ear, and even be an advocate when it's needed. Through my work with this group, I have come into contact with so many cases similar to mine, and some even worse.

We can and must end hunger in America, and I hope Congress will continue to work towards this goal. Thank you.

Chairman **Sasser**. Let me address one question to both of you. Both of you have had access to Federal programs or State programs which assist in providing food and nutrition. Can you tell me which of those programs seem to work best, as far as you are concerned?

Do you want to go first, Ms. Adams?

Ms. **Adams**. OK. WIC is definitely a wonderful program, because it provides nutritional counseling, nutritional screening as well, and you are guaranteed to get the food all the time.

The Food Stamp Program is another good program. I would not be able to buy food without it right now, but I do experience the food stamps not lasting all the time. When you were talking earlier about the maximum amount of food stamps being allowed for a family, well, I know the maximum amount of food stamps that a family of 10 is allowed is $676, and when I got that the 1 month, I had no income. I thought, wow, this is incredible. But when I got my welfare check, then that dropped down to $570 and then I just barely make it through. I generally run out the last week.

Chairman **Sasser**. Run out of food that are provided solely by food stamps?

Ms. **Adams**. Other than the surplus food distribution and occasionally if a friend gives me some food or a church group gives me some food, something like that.

Chairman **Sasser**. Have you had the same experience, Ms. Tamper? Do you want to amplify on that in any way?

Ms. **Tamper**. Basically, the WIC program has done a lot, because you knew whenever the delivery truck was there, there was going to be something there for the child to eat when you got there, or you knew it was there. Plus, in my case, my income did not overqualify me, as it did for food stamps and medical assistance, I am over-income. But I was not over-income for WIC and I knew right then that there would be some steady food coming for us.

Chairman **Sasser**. One question that comes to mind: The WIC program provides food for children up to what age?

Ms. **Adams**. Five.

Ms. **Tamper**. Five.

Chairman **Sasser**. Up to five. Did you ever have any difficulty in segregating that food for children up to 5 from the household generally? Some mothers have indicated to me they had to make tough choices as to what to do about children over 5, that sometimes they would actually have to share some of the food.

Ms. **Tamper**. Basically, you share things, you know, you had to stretch it out to make it last so everybody could get something to eat.

Ms. **Adams**. Our family always shares everything, too, and when you run out, they all run out together. Although, when my 3-year-old was diagnosed as anemic, I tried to make it a point to get her a little more.

Chairman **Sasser**. Right.

Senator Domenici?

Senator **Domenici**. Ms. Adams, how many children do you have?

Ms. **Adams**. Nine.

Senator DOMENICI. Do you think that our programs in nuturition, food stamps on down, are properly geared to the number of children you have?

Ms. ADAMS. I do not know how they make a difference to families that are larger versus families that are smaller. I am not aware of——

Senator DOMENICI. But your $676 food stamps was the maximum——

Ms. ADAMS. Right.

Senator DOMENICI [continuing]. And then we started deducting from it, based upon other things. Might I ask you, of your own personal opinion, if you had the $676 for your family, could you feed your children for a month?

Ms. ADAMS. I would have more than enough, I think, yes. I could hardly imagine having that every month.

Senator DOMENICI. So, the problem is not what we start with, but how we deduct from it, in your opinion? The base would be adequate?

Ms. ADAMS. Yes, I think so.

Senator DOMENICI. Ms. Tamper, have you ever received the maximum food stamps for your family?

Ms. TAMPER. No, I never have. It has always been on what my income needed to be supplemented.

Senator DOMENICI. So, they add up all the outside income, whatever they are, and some of our benefits?

Ms. TAMPER. Yes; I was getting $770, but I was paying $605 in rent and they did not take that into consideration, plus the utility bill, she said, "Well, all your income needs to be supplemented was $23 a month," and that was the last time when they said they got all the paperwork and the numbers together, they said I only needed to be supplemented $7 and that just was not enough.

Senator DOMENICI. I just want to make sure, Ms. Adams, that you did not read anything into my question about how many children you have. I am not one who is figuring that we ought to have people have less children. You have a few more than we do, but you only beat us by one, so we are very close. [Laughter.]

I noticed that in both of your cases, in reading your testimony, you are slightly different than a typical case, in that both of you at some point in your married life with your children had substantial incomes. Ms. Adams, when your husband was with you and had not been convicted, he was earning $55,000 a year. Is that correct?

Ms. ADAMS. Yes, sir.

Senator DOMENICI. I believe your husband, Ms. Tamper, was earning $35,000?

Ms. TAMPER. Yes.

Senator DOMENICI. I suspect, Mr. Chairman, that when tragedy strikes a high-middle-income family and they are on the way down to having to adjust, I surmise that there are some very traumatic times, because you are adding up assets and the like that you cannot use. Am I right, Ms. Tamper?

Ms. TAMPER. Yes; because they took into consideration car, insurance and other assets. Even though the car was old, they still look that and any savings and any accounts was part of income, too, you know. Yet, it was just dwindling down, trying to make ends meet.

Senator **Domenici**. Ms. Adams, do you have a thought about that?

Ms. **Adams**. Well, we really did not have any assets, because things were—I mean we were really just barely making it, because of the family size. But when my husband was sentenced in January, I knew that I would get a few weeks of severance pay, but I was not able to access any help until that pay stopped. So, even though I had the court documents to prove that he was in prison and that I would not have any money after 3 or 4 weeks, I had to wait until that income stopped and then start the application process, so I had to go 2 months with absolutely no income before I was able to get anything for food, other than using like MANNA or WIC.

Senator **Domenici**. I would ask one last question. Is the School Lunch Program helpful to you, in your opinion?

Ms. **Adams**. My children right now, my church is allowing my children to go to their school.

Senator **Domenici**. I see.

Ms. **Adams**. But when I told my children that public schools had school breakfast and lunch, they all started cheering and saying, "We want to go to public school."

Senator **Domenici**. So, your best guess is it would be very helpful to your children?

Ms. **Adams**. Yes.

Senator **Domenici**. Ms. Tamper, how about you?

Ms. **Tamper**. My children receive it and, yes, it is beneficial, because it helps them in their studies and their learning and, you know, it helps fill up some of the empty gaps they have.

Senator **Domenici**. Thank you very much.

Chairman **Sasser**. Senator Robb?

Senator **Robb**. Thank you, Mr. Chairman.

Ms. Tamper and Ms. Adams, it is very helpful to us to hear your testimony and we thank you for being with us.

I wonder if you could give, each of you, just a brief idea, I am trying to get some sense of your current total income and the way it is distributed, as well as the expenses that you have, so that I can get some sense of proportion.

Ms. Tamper, you said that you were——

Ms. **Tamper**. Now I am receiving over $900 a month survivor's benefits for my two children. I do not pay full rent. Our rent is subsidized, it has been subsidized——

Senator **Robb**. Fully subsidized, so it is——

Ms. **Tamper**. No, partially subsidized.

Senator **Robb**. Partial.

Ms. **Tamper**. Yes.

Senator **Robb**. OK. How much additional do you pay for rent?

Ms. **Tamper**. My rent is $800, and I pay $400 of the rent.

Senator **Robb**. You pay $400 of that.

Ms. **Tamper**. Yes.

Senator **Robb**. OK. And what——

Ms. **Tamper**. I have gas, light and water bills.

Senator **Robb**. OK. What do those come to, on a average, per month?

Ms. **Tamper**. On a month, not during cold, about $50.

Senator ROBB. For all three.

Ms. TAMPER. $50, Yes.

Senator ROBB. OK. And what for clothing, for any other expenses, what types of expenses do you normally have?

Ms. TAMPER. Most of them are my medical expenses, because I have to get artificial tears and lubricants and stuff like that and if the kids happen to be sick, you know.

Senator ROBB. What assistance do you have on your medical bills? You just pay those directly?

Ms. TAMPER. I pay those directly, because I am over-income for medical assistance.

Senator ROBB. OK. Just approximately, what would you pay out a month in——

Ms. TAMPER. I pay between $100 and $125 a month on that.

Senator ROBB. And how about other expenditures?

Ms. TAMPER. The rest of it buys food, that is it.

Senator ROBB. What would you pay for food?

Ms. TAMPER. Oh, it varies, because——

Senator ROBB. Just give me a range, if you could.

Ms. TAMPER. I would spend $80-$90 every 2 weeks.

Senator ROBB. When you go to the market?

Ms. TAMPER. Yes.

Senator ROBB. OK. And you receive assistance in addition to the rent subsidy and WIC. Can you quantify for me what you get from WIC?

Ms. TAMPER. My qualifying for WIC ended last year, because my son turned 5.

Senator ROBB. OK.

Ms. TAMPER. I do not receive anything now.

Senator ROBB. You are not longer receiving any benefits?

Ms. TAMPER. No, I am not.

Senator ROBB. OK.

Ms. Adams, could you just give me the same general types of information? Again, I am just trying to get a feel for how you budget.

Ms. ADAMS. My food stamp allotment is over $550 a month. My public assistance check is nearly $1,000. I have a mortgage on the house my husband and I were buying before he went to jail and before we separated. That mortgage is just over a $1,000 a month, but it is only a 3-bedroom rambler and, as I have been looking, I have not been able to find—I know that I cannot legally rent a house under 5 bedrooms and I have 9 children, there are 10 people in the family. I have not been able to find anything that would be cheaper. There is no equity in the house. We bought it, no money down. So, I have been trying to just keep the house.

When I contacted HFC, they told me that to get the priority points, I would have to sell the house and go to a shelter with the children to wait, so I am going to try to do anything other than that.

I recently heard about a program that I applied for called Emergency Mortgage Assistance Program from the Baltimore Urban League, and essentially what they will do is loan me the money over a period of a couple of years to make the mortgage payment.

Other than that, I came to a point of foreclosure in February. My church has made the difference sometimes on the mortgage, a couple of times my mother has come through. I went to Energy Assistance to pay my electric bill. I have gone to Emergency Services to pay my electric bill. I had not had money to make any payment on my electric bill for the past couple of years, because it is all just trying to go to meet the deficit in the mortgage.

I have the food stamps, I have friends that contribute to me on a monthly amount—diapers, shampoo, toilet paper and things like that—because I do not have the money to buy them.

Senator Robb. Are there any other debts that you have that are accruing or that are not being paid at this point? You mentioned the electric bill is one that has not been paid.

Ms. Adams. Right. Well, I know my electric bill has accumulated to about a $900 debt right now. When I talked to the guy at Emergency Mortgage Assistance, they just took my application and then they are going to get back with me, so I am still learning more about how the program works and I am not sure how it is going to affect the public assistance. But if they pay my mortgage, then what I hope to do is pay off previous debts that I have had from my husband and I carried together and the debts to the electric company, so that when I come out at the end, when my husband is out of jail, maybe I can get some support, that I can only have the Emergency Mortgage Assistance to try to pay back.

Senator Robb. OK. Just one last question. How much of your time, would you say, is spent outside of the home, not buying food or taking the children, but simply going to the various agencies, departments and what have you? What percentage of your time is expended in that type of activity?

Ms. Adams. Well, I would say a lot. Myself, I have to go every month to pick up the food stamps, because they say it is too large of an amount to mail. So, every month I have to drive to Rockville from Damascus, it is about a 30-minute drive, and wait to pick up the food stamps and then go back home again.

Senator Robb. Do you have a car?

Ms. Adams. Yes, right now I do.

Senator Robb. Do you have car payments?

Ms. Adams. Well, it is actually my husband's car, so his parents are kind of making irregular payments to keep them from repossessing it, but it has got 164,000 miles on it, so I do not know how long I will have it, but for now I do.

Then I have to go down and recertify at Public Assistance every 6 months, but then there are times, if there is ever a change, you have to report it and it takes you up to 2 weeks to get hold of a caseworker, calling day after day after day, leaving messages. I mean I probably spend as much time on the phone trying to find out something from a caseworker as I do going back and forth for all the recertifications.

I recently tried to get glasses on my Medical Assistance card and they said that they would not do it. It took me 2 weeks to get hold of a caseworker, only to find out that that was not my caseworker any more. I still do not have the glasses. I said what do I do if I need glasses, you know, I said do I go to Emergency Services, and they said no, your Medical Assistance card is supposed to pay for it. But I do not understand yet why it—Imena it has been about a month now and I am still trying to work through that.

So, there is a lot of time, betweeen going down to the office, as well as on the phone, trying to work through the maze of things. A trip to Emergency Services just to pay the utility bill or to keep from a cutoff can mean a wait in the office of 5 or 6 hours.

Senator **Robb**. Ms. Adams and Ms. Tamper, as you know, we deal with some very big numbers here and it is sometimes difficult to relate to those numbers, but dealing with them on a human scale is something we can relate to and I appreciate very much your sharing those with us.

Mr. Chairman, may time is up and I thank you.

Chairman **Sasser**. Thank you, Senator Robb.

Senator Simon?

Senator **Simon**. I want to thank both of you. I wish every member of the Senate could be here to hear both of you.

I would point out that here we have two women, Ms. Tamper and Ms. Adams, who have above-average skills. They are able to read their statement to this committee. A lot of people in your situation cannot do that. They are not able to explore all these possibilities as you have been able to explore them.

Let me just mention, I think the public image is of people on welfare just living the life of Reilly. Our family back—this is a long time ago, when your children were small for 1 week we lived on the welfare budget for food for a family of four. It gave us an insight. I would recommend it to any of my colleagues of any of you who are here. It gives you a little more appreciation for what you are going through.

Ms. Adams, you mentioned your glasses and I hope you do not mind me mentioning this, Ms. Tamper, because I know it is something that I see in a great many people who have very limited income. You have dental problems, too.

Ms. **Tamper**. Yes.

Senator **Simon**. Are you getting any help at all?

Ms. **Tamper**. No, I am not.

Senator **Simon**. And can you just describe for the record what your dental problems are?

Ms. **Tamper**. Because when I was hospitalized, with so much medication, my teeth just started decaying. I tried to get a Medical Assistance card to try to help me get some work done, but I am over-income. I went to a couple of dentists and they put down $500 before they got started. I do not have that kind of money. I do not have that kind of money at all.

Senator **Simon**. And there is no program right now that can offer you any help, is that correct?

Ms. **Tamper**. No, there is not, and I have exhausted every means and got on the telephone and called, and if I do get the program, they say, "I'm sorry, you're over-income or you should be having things better for you, we don't allow our working mothers or our public assistance mothers as much as you get a month."

Senator **Simon**. If I can just comment for my colleagues, the whole area of dental assistance for people of imited means is an area that we really have not touched upon, and one time I experienced within 5 minutes two older people coming up to me and saying, "Senator, please excuse my appearance, but I can't afford false teeth." You know, if we can get a man to the moon, we ought to be able to get dentures to people who need them in our society.

You used one other phase, Ms. Tamper, that I think is important. You described yourself and you said at one point that "this helped me feel worthwhile again." What we need is not just to demean people. We need to listen and to give them a feeling of being worthwhile, and we are not doing that as much as we should and that is why I really prefer jobs programs that can give you a chance to take care of your family, but also to get out of your home and enrich yourselves and your family in the process of doing that.

I am very grateful to you for your testimony.

Chairman Sasser. Well, thank you very much, Senator Simon.

Ms. Adams and Ms. Tamper, the committee expresses our appreciation for your appearance here this afternoon. Thank you very much.

Our next witness is Mr. Robert Greenstein, the director of the Washington-based Center on Budget and Policy Priorities. Mr. Greenstein will be joined by Dr. Buford Nichols, professor of pediatrics at Baylor College of Medicine.

I might say that Mr. Greenstein is one of the Nation's leading analysts and thinkers on policies affecting low-income Americans, and Dr. Nichols, in addition to being a professor of pediatrics at Baylor College of Medicine, serves as a director of the Children's Nutrition Research Center, in Texas.

Gentlemen, we welcome you here this afternoon and, Mr. Greenstein, we will begin with you first, please. We are trying to limit our witnesses to 10 minutes apiece on their opening statements.

STATEMENT OF ROBERT GREENSTEIN, DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES

Mr. Greenstein. Thank you, Mr. Chairman. I appreciate the opportunity to testify here.

As I think you all know, there is, of course, a strong relationship between hunger and poverty. Part of the background is that in 1988, the sixth year of an economic recovery, the poverty rate was higher than in any year of the seventies, including the worst recession years of that decade.

In addition, the census data also show that, on average, those who are poor have gotten poorer. This is particularly a problem among children. The numbers of both white children and black children who fall into the ranks of what we may call the poorest of the poor, those with incomes below half the poverty line, have each gone up more than 50 percent since the late 1970's. The increase in poverty has been as great in rural areas as in urban and has been widespread.

Some may ask why—though, despite economic recovery and a poverty rate that, while higher than any year in the seventies, is lower than in the early eighties when we had high unemployment—why do we continue to hear reports of hunger getting worse.

I think one of the major factors here is the impact of high housing costs on squeezing families' budgets, so people do not have enough to eat.

Last year, the Census Bureau released for the first time national survey data on the housing costs of households below the poverty line. Those data show that 39 percent of all poor households in the United States now pay at least 70 percent of their income for housing costs, for rent and utilities; and 57 percent pay at least half of their income for housing costs.

Over the last 10–15 years, the number of poor families has gone up, while the number of low-rent housing units has gone down, and these high-housing costs are having an impact everywhere in the country. I would note that this is, by no means, just a regional problem.

For example, the census data showed that there are more poor households paying at least 70 percent of income for rent in the South than in any other region of the country. There are also very high proportions in rural areas; more than half of all poor renters in rural America pay at least 50 percent of their income for housing.

In addition to analyzing this national data, Mr. Chairman, we are analyzing census data on individual metropolitan areas, and one we recently analyzed happened to be Memphis. In a report we issued last summer, we found that more than one-third of all poor households in the Memphis metropolitan area pay at least 70 percent of income for housing, more than half of all the poor households pay at least 50 percent, and four of every five pay at least 30 percent, which is more than the maximum amount considered affordable for a low-income household under HUD standards set during the Reagan administration. The data also showed that more than one of every three poorrenter households in the Memphis area lived in substandard housing, in other words, paying a high proportion of income, often for housing that was substandard.

As you know, housing assistance is not an entitlement, and the census data show that only 29 percent of all poor-renters in the country receive any form of Federal, State, or local assistance.

What I think is happening, therefore, is that many poor households are finding themselves squeezed, they are finding it difficult to pay the rent and utility bills and still have enough resources left over, including their food stamps, to buy sufficient food to last through the month. The utility and rent bills are fixed. The food bills can be one of the first items that gets squeezed.

In short, the census data tell us that large numbers of poorhouseholds are averting the risk of homelessness by paying extraordinary proportions of their income for housing and having a difficult time getting adequate food to last through the month.

What should we do to address problems such as this? Well, there are a number of things. I want to focus primarily on the Food Stamp Program, for several reasons. First, as this morning's hearing indicates, our greatest problem with poverty and hunger now is among children, and the Food Stamp Program, though not always recognized as such, is the Nation's leading child nutrition program.

USDA figures show that 83 percent of all food stamp benefits and six of seven of every food stamp benefit dollars go to families with children. The Food Stamp Program also serves one of the poorest populations of any Federal program—94 percent of the households are below the poverty line, and 98 percent of the benefits go to people below the poverty line. I think over half the benefits go to people below half of the poverty line.

The Food Stamp Program is the only Federal program to set a floor below which poor children are not allowed to fall. For the elderly poor, it is just as high. For poor children, the only Federal floor is that food stamp benefit level.

Finally, there have been declines here. In inflation-adjusted terms, food stamp benefits, not administrative costs or work programs, but benefits in 1989 were still significantly below 1981 levels. In 1988, although there were 2.6 million more poor people than in 1980, there were 1.1 million fewer receiving food stamps in an average month.

Chairman SASSER. Would you repeat those figures, Dr. Greenstein? You were saying them too fast for me.

Mr. GREENSTEIN. Certainly. I will mention that the title you given me is not one that I have earned, I am not a doctor.

There were 2.6 million for——

Chairman SASSER. I think you deserve a promotion. [Laughter.]

Mr. GREENSTEIN. Thank you, Mr. Chairman.

There were 2.6 million more people below the poverty line in 1988 than in 1980, yet there were 1.1 million fewer receiving food stamps in an average month of 1988 than 1980.

Now, on this housing issue, what I want to point out is that in the Food Stamp Program, as has been noted by Senator Domenici and others this morning, you have a maximum benefit and it is then reduced in relation to your income. There are certain deductions that determine how much the income is reduced, and there is a deduction for excess shelter costs. You are supposed to get a deduction for excess shelter costs. You are supposed to get a deduction for the amount by which your shelter costs exceed half of your net income.

But the ways it really works, if you are elderly or you are disabled, you get a full deduction. If you are not elderly or disabled—and most of those who were not are families with children—you get an excess deduction only up to a certain amount and it is capped at that level. Even if your excess shelter costs are more than that, the rest of it is not deductible. That means for poor families with children who have high shelter costs, some of what they pay for rent and utilities is assumed to be money available for food.

Now it is hard to——

Senator DOMENICI. What would the justification for that be? Whether it works or not, what would the rationale be for the cap?

Mr. GREENSTEIN. This was put in the 1977 Food Stamp Act and the principal reason at that point for it was at that point we had no gross income limit to qualify for food stamps, only a net limit. There was concern that middle-income families were pyramiding open-ended itemized deductions in qualifying, so we standardized some deductions and capped others, and this one was capped.

In 1981, we put a gross income limit on food stamps of 130 percent of the poverty line. As a result of that, whether you have a cap or not on the shelter deduction makes no one eligible for food stamps now who is a family with children. In other words, if we treated them like the elderly and disabled in the shelter deduction, it would not make any additional families with children eligible for food stamps.

The other thing I would say is that no one really thought in 1977 that this would cause a big problem. What no one anticipated was the big change in the housing market since then. According to census data, in 1978, the number of low-rent housing units exceeded the number of low-income renter households. By 1985, there were 3.7 million fewer low-rent units than there were low-income households, and you think of the supply and the demand of the low-rent housing markets, and so forth.

I also think it is hard to justify having a differential here, whereby, even though benefit payments and SSI for the elderly poor are higher than those we normally give poor children, and even though housing costs for the elderly poor tend to be lower than housing costs for poor children, because many of them have paid off the mortgage, we should treat families with children in a different fashion.

I would also note that one could argue that the answer here is not necessarily food stamps, but to do more in section 8 housing assistance, and I think that we should do more. However, to make section 8 an entitlement it would cost somewhere in the vicinity of $10 to $20 or $30 billion a year. That certainly is not going to happen in the near future.

In the interim, by taking the cap off the shelter deduction, what we can do is assure that those families with children who have the highest housing cost burden as a percentage of income, have those costs recognized, and do not have that set off, as it was called this morning, be as great and have more food stamps, so that they do not have as quite as excruciating a choice between paying the rent and getting enough to eat.

I think there are other steps that are needed in the Food Stamp Program, as well. Perhaps, Senator, we can talk more during questions about this basic benefit level. I think the issue there, in a nutshell, is the following: We use the thrifty food plan to set the food stamp benefit levels. The USDA Food Consumption Surveys show that fewer than one of every six households, whose food expenditures equal the total cost of the thrifty plan, get the recommended daily allowances for the basic nutrients. I am not suggesting that we go above the thrifty plan, but I think at least one modest adjustment, if we are going to use the thrifty plan, we should be sure people can at least buy the foods in it.

They can now purchase that food in the first part of the year, but by the latter part of the year it is out of date. The $344 you mentioned would be, in effect, through September 1991. It might not still be adequate then.

I have recently looked at, for the entire 13-year history of the thrifty plan, how much the actual cost of the thrifty plan in the last half of the year exceeds the costs of the previous June, which is the month that the food stamp benefits are based on, and I found that it exceeds it by more than 5 percent. We currently have a 3-percent adjustment in the thrifty food plan to make up for this lag. I think it is close, but we need to do a little more there.

I would urge that we also look at the treatment the Food Stamp Program accords to child support payments. I think the Congress felt, on a bipartisan basis, that one step we needed to do to reduce child poverty is to be very tough on collecting child support from absent parents.

It used to be the case in AFDC that there was no incentive for a mother to help track down absentee fathers and a father to pay, because every dollar in child support meant a dollar reduced in the AFDC payment. The mother was not any better off and to the father, it was as though he was paying the government, not the child.

That was changed in 1984, so that the mother got to keep $50 of the child support payment. But what the Finance and Ways and Means Committees did not know at the time was that the $50 then gets counted against your food stamps, so the mother ends up with only about $30 a month from helping to track down the absent father. Here is an area where, if we make food stamps like AFDC, if we say you get to keep the full $50, there would be more of an incentive for the mother to track down the father and the father to pay child support.

I also think we need to look at the vehicle limit, the limit on the value of an automobile that you can own in the Food Stamp Program. We have a limit on the market value, not the equity value, the market value of $4,500 that was set in 1977 and has not been adjusted since. Since then, the CPI for used cars is up 120 percent. President Reagan's Task Force for Food Assistance recommended adjusting that level to $5,500 back in 1984. The Senate passed that once and it got dropped in conference. The House passed it another time and it got dropped in conference. We need to do it. It is particularly a problem in rural areas, where we essentially say to an unemployed person who needs the car to go look for work, "You can sell your car and get your food stamps, but then you can't look for work, or you can keep your car and look for work but then you may not be able to get food stamps until you find the job." It is a choice that does not make sense.

Let me close by saying that there are a few other areas I would draw your attention to. A recent USDA study finds that only 18 percent of the homeless get food stamps. We need to do better there—only 18 percent.

We need to extend, I think, the program under which the Agriculture Department provides $30 to $40 million of food each year to soup kitchens, which is scheduled to expire after 1991.

Senator DOMENICI. Could I stop you on the homeless and food stamps? As you recall, we had a hiatus at one point in time, because homeless did not qualify for many of the benefits we were giving because they were related to residents. If you were homeless, you did not have a residence, so right off the bat, we had certain veterans' benefits that were denied because there was no residence. Now, how do we relate food stamps to homelessness?

I introduced the first proposal here that would permit use of the food stamps by the homeless in communal type settings. Is that working? And if it is not working, what would homeless people do with food stamps, since they do not have a home to use the food in?

Mr. GREENSTEIN. I am not sure I have all the answers to this, Senator. I think what we know from the study done for USDA by the Urban Institute, is that a number of homeless people do go into the stores and buy, whether it is tuna fish or peanut butter, things that you do not need to have cooking facilities to eat.

It appears, I think, that there are two or three types of problems here. First, there may be just some people who want no relationship to the government program, and that is the hardest to deal with. Second, there may be people who do not understand they are eligible and need assistance in getting through the process.

I know that the Agriculture Department is proposing some pilot projects to try and fiture out how to deal with that. The third, I learned about from a 50-page paper I just received from an organization that works with the homeless in Los Angeles, in which they talk about homeless people who try to get food stamps and have difficulty. Basically a lot of the procedures that we put in place, often quite properly, to make sure that we have controls on error and things of this sort, have erected a series of procedures that are difficult and bureaucratic. Some of them just do not make sense for people that are homeless, and I think we probably need to look at whether we should make some modifications in certain procedures and certain parts of the benefits structure for people who are homeless. What is appropriate for other people may not be an appropriate set of procedures and structures for them. I think we need to look at that. I hope the Agriculture Committee will.

I think, in addition to that and continuing the purchases for the soup kitchens, the TEFAP program was mentioned here this morning and I think we need to continue mandated purchases for that. I would caution, however, in response to Senator Bond's question, that since resources are limited, if we do have additional resources, we have to make choices on where the additional resources go. I would put them in food stamps before I put them in TEFAP.

I would simply note that the USDA studies show that 58 percent of all food stamp benefits go to people below half the poverty line, 31 percent of TEFAP benefits do. The TEFAP Program is more oriented towards elderly people around or modestly above the poverty line, the Food Stamp Program is more oriented towards families with children, often way below the poverty line. If we have to choose, I think the needier clientele is in the Food Stamp Program.

Finally, I would urge that the committee continue, as it has done, to provide room in the budget for steady growth in the most effective food program of all, the WIC program. As you know, the medical evidence in this is strong. A new study by the National Bureau of Economic Research, headed by Martin Feldstein, rates WIC as the second most cost-effective way to reduce infant mortality. The program has expanded in recent years and now reaches about 60 percent of those estimated to be eligible for it, according to the Agriculture Department figures.

However, within that we have a higher rate of participation among infants, a much lower rate among children, and we still have large numbers of pregnant women—that is the greatest concern of all—who are eligible, but left out of the program.

In closing, let me say that I recognize the recommendations I have made you this morning entail the commitment of additional resources at a time when one of the greatest needs before our country and something that would help poor people as well as to reduce the deficit. I believe that getting our fiscal house in order invovles a combination of lowering the deficit and reordering priorities.

I must say that, in this vein, I was moved and still would like to quote—I will do it here today—a speech I read that was delivered several years ago by the Senator from New Mexico. In that speech, which I think he gave to the Tax Foundation, the spoke of "national needs that are, for me as just one Senator, compelling and deserve new resources. In a nation not adequately meeting its social and moral responsibility in the problem areas. Most pressing," he said, "is the seamless web of poverty, homelessness, hunger and mental illness." And he urged in this eloquent speech that we make tough choices in other budget areas to find the resources to address these compelling needs.

I hope this committee and the Congress can make these tough choices to find the resources to assist the millions of children who are growing up in poverty today, but whom our Nation will depend upon tomorrow.

Thank you.

Chairman SASSER. Thank you very much, Mr. Greenstein.

[The statement of Mr. Greenstein follows:]

TESTIMONY OF ROBERT GREENSTEIN
DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES
before the
SENATE BUDGET COMMITTEE

February 20, 1990

I appreciate the opportunity to appear before the Committee today. I am Robert Greenstein, director of the Center on Budget and Policy Priorities here in Washington, D.C. The Center is a non-profit organization that conducts research and analysis on a range of public policy issues affecting low income families and individuals and that has an emphasis on issues relating to hunger and poverty. The Center's work is funded primarily by foundations.

Prior to starting the Center, I served in USDA as Administrator of the Food and Nutrition Service in 1979 and 1980 and as Special Assistant to Secretary Bergland for food and nutrition issues in 1977 and 1978.

Recent Trends in Poverty

Hunger and poverty remain at unusually high levels in our country. In 1988, the sixth year of an economic recovery, the poverty rate was higher than in any year of the 1970s -- including the worst recession years of that decade. Although the national unemployment rate in 1988 was at about the same level as in 1979, the poverty rate was considerably higher in 1988 -- and nearly six million more Americans were poor.

Moreover, as Census data show, those who are poor have grown poorer in recent years. The amount by which the income of the average poor family falls below the poverty line was greater in 1988 than in any other year in the 1970s or 1980s, after adjustment for inflation. The proportion of the poor who fall into the group that might be termed the "poorest of the poor" -- those with incomes below *half* the poverty line (or less than $4,718 for a family of three in 1988) -- was at its highest level in at least 15 years.

Particularly disturbing is the rise in poverty rates among children. One of every five children now lives in poverty; among minority children, poverty rates are at least twice this high.

In addition, the numbers of both white children and black children who fall into the ranks of the "poorest of the poor" -- i.e., who fall below *half* of the poverty line -- have jumped more than 50 percent since the late 1970s.

It should also be noted that despite the frequent media focus on the inner city, poverty has grown as fast in rural as in urban areas -- and is substantially higher in rural than in metropolitan areas. In 1988, nearly one of every six Americans living in nonmetropolitan areas was poor, according to the Census data. About one in eight residents of metropolitan areas was poor.

Poverty rates are nearly as high in the nation's rural areas as they are in the central cities. Some 16 percent of all residents of nonmetropolitan areas in the U.S. were poor in 1988. Some 18.3 percent of all residents of the nation's central cities were poor. Among whites, poverty rates are as high in nonmetropolitan areas as in the central cities. Among blacks and Hispanics, poverty rates are *higher* in nonmetropolitan areas than in the central cities.

Not surprisingly, this increase in poverty appears to have been accompanied by an increase in hunger. Surveys of soup kitchens and emergency food pantries have shown substantial increases in need, as have the surveys of city agencies conducted by the U.S. Conference of Mayors.

The Role of Rising Housing Cost Burdens

It may seem surprising, at first blush, that these surveys have continued to provide indications of increasing levels of hunger in recent years, despite economic recovery and some reduction in poverty rates since the recessions of the early 1980s. But, here, another critical factor has come into play -- the impact of soaring housing costs borne by the poor.

New data released last year by the Census Bureau and HUD show that in 1985, *some 45 percent of all poor renters in the U.S. were spending at least 70 percent of their income for housing costs*, including rent and utilities. (1985 is the latest year for which these data are currently available.) Two-thirds of all poor renters were spending at least half of their income for housing. And 85 percent of the poor renters were paying more than 30 percent of income for housing -- or more than the maximum amount considered affordable for these households under federal standards established during the Reagan Administration. (The data show that poor homeowners bear high housing cost burdens as well, with about one-third paying at least 70 percent of income for housing and three-fourths paying at least 30 percent of income.)

The housing cost burdens of the poor have climbed sharply in recent years; the number of poor households has mushroomed at the same time that the number of low rent housing units has substantially declined. The result, documented in the Census data, is an acute shortage of low rent housing. Furthermore, since the demand for low rent housing now far exceeds the supply, increases in rental costs have generally been more rapid in low income communities than in non-poor areas.

These high housing cost burdens have a major impact on poor households in urban and rural areas alike -- and in all regions of the country. For example, the Census data show that 79 percent of all poor renter households in nonmetropolitan areas of the U.S.

paid at least 30 percent of their incomes for housing costs in 1985, or more than the maximum amount considered affordable under the HUD standards. More than half of the poor renters in nonmetro areas -- and over one third of the poor nonmetro homeowners -- paid at least 50 percent of their incomes in housing.

Similarly, poor households in all regions are affected. In every Census region -- Northeast, Midwest, South, and West -- at least 70 percent of all poor households paid more than 30 percent of income for housing in 1985, at least 45 percent of the poor households paid at least half of their income for housing, and at least 32 percent of poor households paid at least 70 percent of income for housing.

When poor families with children are considered, the housing cost burdens are even higher. In every region of the country, between 53 percent and 70 percent of all poor renter families with children paid at least half their income for housing in 1985.

Because poverty remains higher in the South than in other regions, a disproportionate number of the poor households facing high housing cost burdens live in the South. The Census data show that there are more poor households with high housing cost burdens (i.e., with high housing costs when measured as a percentage of income) in the South than in any other region. One-third of all the poor households paying at least 70 percent of income for housing live in the South.

The Census Bureau and HUD are now releasing housing cost data on a number of metropolitan areas. To date, our Center has analyzed the data for seven of these metropolitan areas. Since one of these metropolitan areas -- Memphis -- is in the Chairman's state, let me briefly mention a few of our findings on that city. The Census data show that in the Memphis metropolitan area, 38 percent of all poor renters and 34 percent of all poor homeowners pay at least 70 percent of their incomes for housing.

More than half of all poor households in Memphis pay at least 50 percent of income for housing, while four of every five pay more than 30 percent of income for housing -- or more than the maximum amount considered affordable under the federal standards. Despite paying these large proportions of income for housing, many poor Memphis households live in substandard conditions. The Census data indicate that more than one of every three poor renter households in the Memphis metropolitan area lives in substandard housing.

For most poor households in all parts of the country, subsidized housing is not available. In 1988, only 29 percent of all poor renter households in the country received federal, state, or local housing assistance. Unlike Medicaid, food stamps, SSI, or AFDC, low income housing assistance is provided on a discretionary rather than on an entitlement basis. In many areas, poor households languish on waiting lists for years before they can receive housing assistance.

Partly as a result of these developments, a growing number of poor households find it difficult, if not impossible, to pay the rent and utility bills and still have enough resources left over -- including their food stamps -- to buy sufficient food to last through the month. Since rent and utility bills are fixed, purchases for food constitute one of the first items that gets squeezed.

If rent or utility bills are missed instead, as can occur, this can lead to shut-offs and evictions -- and in some cases to homelessness. The new housing cost data from the Census Bureau indicate that large numbers of poor households are averting homelessness only by paying extraordinarily high proportions of their limited incomes for housing, which in turn makes it difficult for them to buy enough food to get an adequate diet at the same time.

Looking Toward the New Farm Bill: What To Do?

In 1988, the Congress took some steps to address the growth of hunger in the U.S. by passing the Hunger Prevention Act. This legislation was important, but should not have been expected to result in a substantial diminution of these problems. The main purpose of the Hunger Prevention Act was to prevent matters from getting worse as a result of the disappearance of most of the surplus commodities that had been distributed to poor households in prior years through the Temporary Emergency Food Assistance Program (TEFAP). The principal provision of the Act was a modest upward adjustment in food stamp benefits of $2 to $3 per person per month to help cushion the effect of the drying up of most of the TEFAP program, as USDA's once-large surplus stocks dwindled.

Moreover, even with the provisions of the Hunger Relief Act, food stamp assistance in FY 1989 was lower, in inflation-adjusted terms, than in FY 1981. Food stamp participation has also declined. In 1988, there were 2.6 million more people living below the poverty line than in 1980, but there were 1.1 million fewer people receiving food stamps in an average month. A study issued in 1988 by USDA provides further evidence of a decline in food stamp participation rates. It indicates that of all poor people who are eligible for food stamps, the percentage actually receiving food stamps dropped between 1980 and 1987.

To help address the hunger problems our nation continues to face, further action is warranted. To be sure, such action will require resources at a time that reducing the deficit is essential to our nation's economic health. I believe, however, that getting our fiscal house in order should involve a reordering of priorities along with steps to reduce the deficit -- and that one of our leading priorities should be to alleviate poverty and hunger, especially among the nation's children.

I would also note that Census data released last fall show that the gap between rich and poor families in the U.S. has now reached its widest point in more than 40 years. Furthermore, studies by the Congressional Budget Office have found that from 1979 to 1987, the average income of the wealthiest fifth of families with children rose 11 percent (or more than $7,000 a year, after adjusting for inflation), while the average income of the poorest fifth of U.S. families with children plunged 21 percent, after adjustment for inflation.

One of our leading national priorities should be to seek to assist the impoverished children in these families -- both by easing their destitution and by increasing the chances that they and their families will be able to achieve self-sufficiency and earn enough to lift themselves out of poverty.

The Role of Food Assistance Programs

In this vein, I would like to suggest consideration of several changes in food assistance programs. My remarks will concentrate on the food stamp program for several reasons.

First, the food stamp program is the nation's leading child nutrition program. USDA figures show that 83 percent of all food stamp benefits -- or six food stamp dollars of every seven -- go to families with children.

Second, the food stamp program serves one of the poorest populations of any federal program. USDA data show that 94 percent of all food stamp households have gross incomes below the poverty line. Nearly two in every five such households have incomes below *half* the poverty line.

In addition, the food stamp program provides the only federal "floor" below which poor children are not permitted to fall. For the elderly and disabled poor, the SSI program establishes a federal floor. But for poor children and their families, the only floor is the one provided by the basic food stamp benefit level.

Finally, the food stamp program comes up for reauthorization this year, providing an excellent opportunity to modify the program to assist impoverished children and their families.

Accordingly, I would recommend consideration of the following reforms in the food stamp program.

1. *Helping poor families and children avoid having to choose between paying the rent and getting enough to eat.*

Consideration should be given to modifying the manner in which the food stamp program treats housing costs when food stamp benefit levels are determined. In theory, the food stamp benefit structure is supposed to ensure that poor households have enough resources -- including food stamps -- to purchase a low cost but nutritionally adequate diet after they meet the cost of other necessities, such as paying the rent. This goal is supposed to be achieved by providing a deduction from household income (when food stamp benefit levels are computed) for "excess shelter costs." Excess shelter costs are defined as housing costs that exceed 50 percent of a household's net income.

The problem is that for households that are not elderly or disabled, the shelter deduction is limited to $177 a month -- even if a household's excess shelter costs are greater than this. While elderly and disabled households are allowed to deduct the full amount of their excess shelter costs, other households -- principally families with children

-- are not. This means that the very families that face the most severe housing cost burdens -- families that do *not* receive any HUD housing aid and that pay extremely high proportions of their income for housing -- are the families not permitted to deduct their excess shelter costs in full. Under the current food stamp benefit structure, families with very high shelter costs are assumed to have money available for food that must actually be used to pay the rent; as a result, their food stamp benefits are set at unrealistically low levels. In short, the current food stamp benefit structure effectively compels some of these families to choose between paying the rent and utility bills and feeding their families adequately throughout the month.

It is inequitable that families with children should be denied the right to deduct their excess shelter costs in full when such a right is accorded to the elderly and disabled. The Census housing data show that the housing cost burdens of poor families with children are generally more severe than those of the elderly poor, because many of the elderly poor own their homes and have long since paid off their mortgages.

The current structure of the food stamp shelter deduction dates from the Food Stamp Act of 1977. At the time that Act was passed, it appeared that a ceiling could be placed on the shelter deduction without causing widespread hardship. (There was no ceiling on the deduction prior to the 1977 Act.) But what no one could know in 1977 was that the low income housing market would change radically over the next decade. In 1978, the number of low-rent housing units *exceeded* the number of low income renter households.[1] By contrast, in 1985, there were *3.7 million fewer low rent units* than there were low income renter households, a sharp reversal of the conditions that prevailed only seven years earlier. The result has been a stunning increase in the housing cost burdens of poor households.[2]

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[1] Low income households are defined here as households with incomes below $10,000, as measured in 1985 dollars. Low rent units are defined as those renting for no more than $250 a month in 1985 dollars. The $250 monthly rental level equals 30 percent of the income of a household making $10,000 a year.

Some may argue that while this is unfortunate, it is an issue best addressed through housing programs, not through the food stamp program. To deny that the food stamp program has an important and necessary role here seems shortsighted, however. Federal housing programs are not entitlements; as noted, only 29 percent of all poor renter households receive federal, state, or local housing aid. To make low income housing assistance an entitlement and assist more of these households would likely cost $10 billion to $20 billion a year. It is not realistic to expect the housing programs to tackle these problems fully in the foreseeable future.

As a result, I believe we must attempt to assure that those poor families bearing housing costs that consume most of their incomes should not have to choose between paying the rent bill and missing meals -- between hunger and, in some cases, homelessness. For about $400 million, this serious flaw in the food stamp benefit structure can be remedied -- so that food stamp benefits are more adequate for those burdened by severe housing costs, and so that poor families with children are treated in the same manner as elderly and disabled households. (I would note that this change would not make any household eligible for food stamps that is not eligible under current law; what it would do is assure that some poor households now on the program who bear especially high housing cost burdens receive a more adequate level of food stamp support.)

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[2] It should also be noted that the principal reason a cap was placed on the shelter deduction by the 1977 Act was that Congress wanted to ensure that middle-income families could not qualify for food stamps by subtracting so much in deductions from their gross income that their income (after deductions) fell below the food stamp program's net income eligibility limits. In 1977, the only income eligibility limit in the food stamp program was the net income limit -- no gross income limit existed.

This is no longer the case, however. In 1981, a gross income limit was established, equal to 130 percent of the poverty line (except for elderly and disabled households). As a result, a cap on the shelter deduction is no longer needed to prevent non-low income families from qualifying for food stamps. The gross income limit already accomplishes that task.

2. *Basic Benefit Levels*

Another area warranting examination is the basic benefit level provided in the food stamp program. Program benefits for any fiscal year are based on the cost of USDA's thrifty food plan in June of the previous fiscal year. Benefits for households with no net income will, starting in FY 1991, be set at 103 percent of the cost of the thrifty food plan in the preceding June.

Use of the thrifty food plan as a basis for setting food stamp benefits has long been a source of controversy. USDA food consumption surveys show that fewer than one in every six households whose food expenditures are equal to the cost of the thrifty food plan manage to obtain the Recommended Daily Allowances for the basic nutrients. Other surveys show that many food stamp households run out of food before the end of the month.

It is not my purpose to discuss here whether the thrifty food plan is the appropriate standard to use in setting food stamp benefit levels. Basing food stamp benefits on USDA's next lowest cost food plan would cost about $4 billion a year and is not feasible.

But if we are going to base food stamp benefits on the cost of the thrifty food plan, we should be sure that the benefits do at least equal the thrifty food plan's actual cost. This we do not currently do. Because benefits are based on the cost of the thrifty plan in

June of the *prior* fiscal year, the benefits usually fall *below* the current cost of the thrifty plan.

In 1988, Congress partially responded to this problem by raising food stamp benefits to 103 percent of the cost of the thrifty plan in the previous June. This helped to address this matter, but did not quite fully do the job. An historical analysis shows that, on average, the cost of the thrifty food plan in a given month exceeds the plan's cost in June of the previous fiscal year by more than three percent. This is particularly true in the last half of the fiscal year. Over the 13 years since the thrifty plan was created, the average cost of the plan in the last half of the fiscal year has exceeded the cost in June of the previous year by more than five percent. I believe the food stamp benefit standard should be adjusted so that food stamp benefits can provide food stamp households with a better opportunity to purchase the foods in the thrifty plan.

3. *Improving incentives for child support*

Several actions can also be taken to enable the food stamp program to better reward efforts to achieve self-sufficiency among families with children. One such action concerns the interaction between food stamp benefits and child support collections.

One cause of poverty among children is the low level of child support provided by many absent fathers. In 1985, only 61 percent of the mothers of children whose fathers were absent were covered by child support awards. Of those who had such awards and were supposed to receive child support payments, more than half either received no payments or received less than the amount owed.

These statistics apply to all children, regardless of income level. For poor children, the picture is considerably more grim. For example, in 1987, child support payments were received for only 14 percent -- or just one in seven -- of the families with children on AFDC.

The welfare reform legislation passed in 1988 placed considerable emphasis on strengthening child support collections, especially for children on AFDC. Increased collections hold the promise not only of alleviating child poverty, but also of reducing need for and dependence on AFDC (and consequently of reducing government costs).

Unfortunately, however, a major inconsistency between the AFDC program and the food stamp program now hinders efforts to boost child support collections for children on AFDC. This inconsistency needs to be remedied.

In tracking down the absent fathers of AFDC children so that child support payments can begin to be extracted from the fathers, the efforts of the mothers are crucial. Yet helping the authorities to locate and track down the absent father can be emotionally wrenching for a mother, and at times may even carry an element of danger for her.

Not too long ago, the welfare system effectively discouraged the mother from vigorously cooperating in these efforts. For each dollar collected from the absent father in child support payments, the mother's AFDC grant was reduced one full dollar. As a result, the mother and her children gained nothing from these efforts -- and the absent father could view these payments as going to the government rather than to his children.

Five years ago, as policymakers began to give far greater attention to the need to increase child support collections, Congress altered this aspect of the welfare system. The House Ways and Means and Senate Finance Committees concluded that a mother on AFDC should be allowed to keep $50 a month in child support collections as an incentive for her to help track down the absent father. Otherwise, an AFDC mother who helped track down the father (and thereby saved money for the taxpayer) would be no better off than an AFDC mother who did not help.

What the Ways and Means and Finance Committees did not consider, however, is that the food stamp benefit structure partially undermines the incentive provision they wrote into the AFDC statute. Under the food stamp program, the $50 in child support which the mother is allowed to keep is counted against her food stamps -- and her food stamp benefits are reduced as a result. As a consequence, the overall net gain to the mother for helping to track down the absent father is reduced to between $27.50 and $35 a month.

The wise policy would be to make the food stamp program consistent with AFDC and to disregard the $50 for both AFDC and food stamps for households that participate in both programs. This would significantly boost the incentive for welfare mothers to help track down absent fathers and should lead to more child support collections.

In 1987, Rep. Leon Panetta placed such a provision in food stamp welfare reform legislation that was approved by the House. Initially, in the welfare reform conference in 1988, House and Senate negotiators from the House Ways and Means and Senate Finance Committees agreed the provision had strong merit and should be included in the final welfare reform bill. However, at the end of their deliberations, these committees found themselves to be over their spending limit. Several provisions, including this food stamp provision, were dropped as a result; the food stamp provision was one of the last provisions to be dropped in the welfare reform conference. It would be prudent to reconsider it this year.

4. *Asset Limitations*

Another area meriting examination is the limit placed on the value of automobiles that food stamp households may own. The current limit was written into the Food Stamp Act back in 1977 and has not been changed since. Yet since 1977, the Consumer Price Index for used cars has risen 120 percent.

In 1984, President Reagan's Task Force on Food Assistance took note of the fact that the limit had not been modified since 1977 and recommended an upward adjustment. The Task Force said that the lack of an adjustment in the limit since 1977 was resulting in denial of benefits to some legitimately needy households, such as unemployed households who had purchased a modest car while they were working.

In 1985, the House approved an adjustment in the vehicle limit, but it was dropped in conference with the Senate. In 1988, an adjustment was passed by the Senate but dropped in conference with the House. By the time of the 1990 food stamp reauthorization, another six years will have passed since the President's Task Force issued its report. The limit is now even more stringent than it was then.

It should be noted that the food stamp automobile limit is a "market value" limit rather than an "equity" limit. This means that a household can be disqualified for food stamps even if it has little equity in its car and would get little for selling it.

Finally, the food stamp rules in this area conflict with the goals of fostering self-sufficiency. Consider the case of a family in which the breadwinner has been laid off and the family is thrust into poverty. The family may be unable to afford an adequate diet without the aid of food stamps, but may fail to qualify because the market value of its car puts it modestly over the assets limit. Forcing the family to sell its car will make food stamps available -- but may make it more difficult for the family's breadwinner to search for and find a job. This is particularly true in many rural areas, where a car may be essential to finding and retaining employment. In fact, adjusting the vehicle limit upward in accordance with the recommendations of President Reagan's Task Force would probably be of disproportionate benefit to the nonmetropolitan areas of the United States.

Other Changes to Improve Food Assistance Programs

Several other changes in food assistance programs (not all of which will be covered here) could also prove helpful in alleviating hunger. I would particularly urge that efforts be made to make food assistance more accessible to the homeless.

A recent study conducted by the Urban Institute, under contract with USDA, found that only about 18 percent of the homeless individuals eligible for food stamps actually receive them. The somewhat bureaucratic food stamp procedures pose significant barriers to participation by the homeless. Steps need to be taken to address this problem. A very small pilot program established under last year's child nutrition legislation to provide meals to homeless pre-school children in shelters could also be expanded.

In addition, I would recommend that the program under which USDA provides $30 to $40 million a year worth of food to soup kitchens and other emergency food agencies -- and which is scheduled to expire after the end of FY 1991 -- be continued. The Administration has expressed support for this program. It would be helpful if the Budget Committee could make room in the budget resolution for out-year funding for this program, so that the Agriculture Committee can include a provision in the farm bill to extend it.

I would also recommend that the Temporary Emergency Food Assistance Program (TEFAP) be extended and the $120 million in mandatory food purchases now provided for this program be continued, a step the Administration has recommended in its budget. I would note, however, that if there are limited resources for expanding food assistance programs, the Congress should be cautious about committing resources to increase the mandatory food purchases for the TEFAP program. The clientele served by TEFAP is less needy than that served by food stamps.

USDA studies show 58 percent of all food stamp benefits are provided to households with gross incomes below half of the poverty line. By contrast, the USDA studies indicate that 31 percent of TEFAP benefits go to households with incomes this low.

Similarly, while 98 percent of food stamp benefits go to families below 100 percent of the poverty line, 75 percent of TEFAP benefits do.

These differences between the income levels of food stamp and TEFAP recipients is tied to a second difference in these programs. Food stamp recipients are more likely to be children than TEFAP recipients are; TEFAP recipients are more likely to be elderly than food stamp recipients are. In general, low income elderly households are not as poor as low income families with children.

Some 38 percent of all TEFAP households are headed by an elderly person. This is nearly double the percentage in the food stamp program. Of those elderly households who are on TEFAP, some 40 percent have incomes above the poverty line.

The TEFAP program does help children, too. Some 48 percent of its benefits go to families with children. But as noted earlier, 83 percent of food stamp benefits go to families with children.

In short, if there are funds to expand these programs above current levels, I would recommend that these funds be concentrated in food stamps rather than TEFAP.

Finally, I would urge the Committee to continue providing room in the budget resolution for steady growth in the most effective food assistance program of all -- the

WIC program. As you know, medical evidence shows that WIC reduces low birthweight and infant mortality. A recent study published by the National Bureau for Economic Research, which is headed by Martin Feldstein, finds WIC to be the second most cost-effective way known to reduce infant mortality (prenatal care ranks first).

While the WIC program has expanded in recent years, it reaches only about 60 percent of those eligible for it. As a number of blue-ribbon panels ranging from the Committee for Economic Development to the American Agenda project of former Presidents Ford and Carter have recommended, we should continue to expand WIC until it can serve all those eligible for it.

In closing, let me say once again that I recognize that the recommendations I am making here this morning entail the commitment of additional resources. I hope these resources can be found. Several years ago, I was moved by a speech I read which had been delivered by the ranking minority of this Committee, the Senator from New Mexico. In this speech, he spoke of "national needs that are for me, as just one Senator, compelling and deserve new resources" and of a nation not adequately meeting "its social and moral responsibility in new problem areas." "Most pressing," he said, "is the seamless web of poverty, homelessness, hunger, and mental illness." He urged, in this eloquent speech, that we make tough choices in other budget areas to find the resources required to address these compelling needs.

I hope this Committee -- and the Congress -- can make these tough choices and find the resources to assist the millions of children who are growing up in poverty today but whom our nation will need to depend upon tomorrow.

Chairman SASSER. I appreciate you quoting the distinguished ranking member of this committee. I found his quote to be very persuasive, as I do most of his statements before this committee.

Dr. Nichols, we will turn to you, please.

Senator DOMENICI. I am not going to be able to stay and listen, Dr. Nichols, but I am familiar with what you are going to say. And let me say to the committee and to you, Mr. Greenstein, this country has taken a great deal of pride in passing a Homelessness Assistance Act.

We worked on part of it just for the mentally ill called the McKinney Act. The President said he is going to fully fund it. Frankly the problem with it is that it is so bureaucratic by the time you finish it that those who are recipients of it are beginning to wonder where the resources are. And we are up to $1.2 or $1.3 billion for the mentally ill. We have a whole new program in the homelessness for the mentally ill, where we tie care to transient housing.

In fact, Senator Simon cosponsored my bill. But we cannot get the programs coordinated. So you have a whole bunch of money out there. But the communities who try to do something with homelessness and the mentally ill cannot get it applied. So I tend to still agree that you have got to work on all of these when you are talking about hunger.

But I frankly think it takes us so long to go from a bill to something that is workable out there that it is frightening, and maybe the resources are not sufficient. But we are really not getting $1.2 billion in results from the local communities that are working on these programs. Now I only make it as a statement. I do not have any instant solutions. But maybe we ought to block grant some of these and not have such pride of committees and jurisdictions.

We have got NIH that insists that they do part, and HUD do part, and Labor do part; and when the staff drafts legislation, they protect all those instead of something else. And I think we will all find that when we look at them.

I thank you for your testimony. Could I ask; do you know how much your cap proposal, and your adjustment on the thrift food plan cost?

Mr. GREENSTEIN. Yes, Senator. The cap adjustment would probably be less in the first year, because you could not put it into effect right away. The full year cost is about $400 million; first year cost would probably be less than that.

The going to 5 percent, since we are already moving up to 3 percent in fiscal year 1991—I would not recommend doing that in 1991 but continuing phase, so there would not be a 1991 cost. If you phased it in in equal increments of a half a percentage point, then it would probably be, I would say, something like zero in the first year, $100 million, $200 million, $300 and $400 million. The ultimate cost of that, 4 years down the road, is $400 million. So the two together, about 4 years down the road, would total $800 million.

Senator DOMENICI. I note that the President did recommend a suggestion related to the one that you made on child support enforcement. You recommend that the spouse can keep more of the child support. Does that add to our costs, also?

Mr. **Greenstein**. Yes, it does.

Senator **Domenici**. Do you know that number, if you went to your full $50 instead of the $30?

Mr. **Greenstein**. I understand the CBO estimate is $95 million.

Senator **Domenici**. Thank you very much.

Senator **Simon** [presiding]. Dr. Nichols, we will be happy to hear from you now.

STATEMENT OF BUFORD NICHOLS, JR., M.D., DIRECTOR, CHILDREN'S NUTRITION RESEARCH CENTER, BAYLOR COLLEGE OF MEDICINE, HOUSTON, TX

Dr. **Nichols**. I have enjoyed the opportunity to listen to the distinguished panel. The technical questions about nutrition and hunger raised by Drs. Sidel and Dietz were impressive, and Greenstein's magnificent understanding of the technical problems in administering these programs is also impressive.

But what touched me more than anything else was the testimony by Adams and Tamper who brought us, as Sidel had said, tears on top of the statistics. In 1967, I was an examiner in the 10-State nutrition survey, which was one of the first major nutrition surveys in this country. I was doing clinical examinations in San Antonio. And outside the examination area in a small elementary school, there was a group of people chanting "Roses are red; violets are blue; people are hungry; what are you going to do?"

Well, this is 1990, and when we examine this issue, we have to say that some progress has been made. Certainly the evidence from Sidel and Dietz is that the problems have not all been solved. Certainly the evidence from the government surveys, from the CDC, et cetera, show that a nutritional problem persists during pregnancy and childhood. And it suggests that we need to identify the biological and the sociological bases for the persistence of these problems.

Perhaps the focus on these varied nutrition programs might be reset. In the discussion today, we focused on the food and nutrition assistance programs for mothers and children. But we need to look at this in a larger context, and certainly Mrs. Adams and Mrs. Tamper expanded this for us when they began to talk about the interaction with a variety of programs.

As we all know, the major program administered by Health and Human Services is the Aid to Families with Dependent Children, AFDC. 82 percent of the AFDC beneficiaries also receive food stamps; 56 percent receive free school lunches; 19 percent receive WIC and housing support. Now, they are not all eligible for WIC programs or housing support for various reasons.

But the lesson is that, with Aid to Dependent Children as the standard, only 82 percent of the beneficiaries receive food stamps; only 56 percent free school lunches; only 19 percent the WIC program and housing support. There is an unevenness of the distribution of these programs.

In 1980, over 10 million individual recipients were aided by a budget of $7 billion in AFDC. That is added to a budget for maternal and child programs of the Food and Nutrition Service of $7 billion. The appropriations are substantial. Are they sufficient, and that is the issue before this committee.

The tremendous number of participants and a larger number of eligible recipients stagger the mind. Have we put enough money into these programs, piecemeal as they are? Are we meeting the need? I have had the opportunity to visit a number of WIC programs and other programs addressing the issue of poverty and malnutrition. When you talk with the workers and you talk with the recipients, you come away with the impression that the federally funded programs are uneven as a result of inequality in program implementation, not because of lack of Federal commitment.

I found that these problems seem to fall into three categories. First, inadequate Federal department and agency program coordination; second, poor coordination among the Federal, State, and local efforts to meet the needs of individual clients, for example, being on the phone, chasing the caseworker, waiting for hours to be interviewed, learning the technical difficulties of the program. Third, there is a lack of community-based caseworkers to identify client needs and arrange for program participation. As a pediatrician, we rely on the social worker in the hospital to deal with these various issues. In these Federal programs, we do not have a caseworker who is the advocate of the program participant. The only program that I have been able to identify is the USDA Extension Service work through the Expanded Food and Nutrition Education Program (EFNEP). However, this only provides nutrition education to lower-income families.

In 1989, there were about half a million adults and children that received help from the EFNEP program for a budget of about $60 million. As far as I know, this is the only Federal program that provides home-based, case-oriented nutrition intervention. But it comes from a heritage of having dealt with technology transfer in the rural areas of America. We now have the highest level of technology in agriculture of any nation under the sun. Dealing with the issues of welfare eligibility and food stamp eligibility involve the technical problems of coping with regulations and guidelines. These issues all require a great deal of technological competence.

I believe that it is time that we address the broad issues of these programs, not, however, at the exclusion of the detailed issues of program administration. I think we need to look at what we are accomplishing with this host of Federal program. I quote from the progress report of the Select Committee on Hunger of the U.S. House of Representatives in 1988. This committee was led by a close personal friend of mine, recently deceased, Mickey Leland. Mickey and I were seated together on a plane from Houston to Washington last April. And our conversation ranged over a number of issues, but it focused again on one that was recurrent in our conversations over the 20 years of our friendship. I believe this statement from the Select Committee on Hunger epitomizes Mickey's position, and I quote:

> There is a host of Federal programs designed to assist low-income individuals in families secure and maintain a decent standard of living. A number of congressional committees have legislative jurisdiction over the various programs, and numerous independent Federal agencies administer them. However, it is at the State and local level that the serious problem of fragmented and conflicting program operations are acute. Public assistance, program administrators, participants and evaluators have testified before the Select Committee that the lack of multiple program integration efforts and conflicting application procedures in certification guidelines discourage

participation among those in need and, in fact, increase the potential for management problems.

As I have visited these programs in the State of Texas, I recognize that real problems exist; the problems of coping; a mother who needs support from local, State and Federal programs must cope, and she is faced with a hi-tech coping requirement. I feel that there are agencies which have a historic ability to help these families cope. I believe that there are resources which may not be sufficient but are approaching sufficiency as we face the last decade of this century. And I would hope that this committee, as a budget committee, can step back and ask for improved coordination among these programs and I have outlined some specific approaches in my written testimony.

Thank you for the opportunity to appear before the committee.

Chairman SASSER. Thank you very much, Dr. Nichols, and we will read your written testimony with great interest and see what you are recommending here with regard to specific programs.

[The prepared statement of Dr. Nichols follows:]

United States Senate
Committee on the Budget
Hearing on
Hunger and America's Children

Potential Solutions and Legislative Proposals

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10:00 A.M.
Tuesday, February 20, 1990

I. Progress

The 20th century has been hailed as the "Century of the Child." As we enter the last decade of the century, it is appropriate to consider our progress in regard to infant and child health. In 1900, the infant mortality rate in the United States was 150/1000 live births. By 1950, infant mortality had declined to 30/1000 live births because of advances in pediatric medicine. Two-thirds of these infants died within the first 28 days after birth. In 1987, the infant mortality rate was 10/1000. The mortality rate among black infants was 18/1000, almost twice that of white infants; of the 38,810 infant deaths 30% were black. Today, low birthweight (5 pounds or less) accounts for two-thirds of infant deaths. Very low birthweight (3 pounds or less) accounts for only 1 percent of all births, but one-half of all neonatal deaths. Very low birthweight is the major cause of newborn deaths in the US.[1] Infant mortality during the Century of the Child has been substantially reduced. Continued progress will require a shift in our emphasis from the statistics of infant morbidity and mortality to the benefits of improved prenatal nutrition and care.

The pediatric population in the United States has declined since 1950. By 2020, a lower birth rate and increased longevity will equalize the distribution of the population among the decades of life. Policy considerations for the child should therefore emphasize health education and preventive health care.

The structure of the American family is changing. Today, only 30% of all households consist of husband, wife, and children. That number will continue to to drop. Today, two-thirds of mothers with preschool children are full-time members of the work-force. Institutions other than the family are now responsible not only for educating our children, but also for providing them with an adequate diet.

The National School Lunch Program, a food supplementation program, was instituted in 1946. The Child Nutrition Act of 1966 expanded on this concept and established programs to include breakfast and special milk supplements, summer and year round child-care, and maternal and infant food supplements. The scientific basis on which these programs were developed has been the responsibility of the US Department of Agriculture. In 1894, a Congressional mandate stated that the Department shall conduct "investigations upon the nutritive value of the various articles and commodities used for human food."

Today, human nutrition research and training are conducted by the USDA to achieve optimal health and well being through improved nutritional practices. The objectives of the research are to determine dietary requirements, develop nutritional status assessment methods, and to determine food consumption, food utilization, and food safety for the population. Nutrition education is provided directly to the public through the programs of the Food and Nutrition Service (FNS) of the Department. Although we will soon arrive at the end of the Century of the Child, our concern for the nutritional well-being of children will never end. Through continued support of nutrition research for children, the Congress can expect the Department to accomplish its objectives.

II. Problems.

A. Infant Mortality. The infant mortality rate is higher in the United States (10/1000) than in several other developed countries (e.g., Japan 5/1000). This comparison indicates that our infant mortality rate can be reduced. The major factor currently contributing to infant mortality in the US is the high incidence of low birthweight.[2] There is evidence that low birthweight can be prevented through appropriate diet, healthy lifestyles, and adequate prenatal care. Twenty thousand infant deaths can be prevented each year by improving prenatal nutrition and care.

B. Breastfeeding. During the 1980s, approximately 60% of all infants born in the U.S. were breast-fed. The frequency among families below the poverty level was lower; of the 740,608 pregnant women in 1984 who enrolled in the WIC program, only 27% (200,724 women) breastfed their infants. This number was a 134% improvement, however, over the 1979 figure. Breastfeeding contributes to reduced illness in newborn infants and improves infant development. Full implementation of the Federal feeding programs can be expected to improve the health and well-being of infants. We have demonstrated, in a Houston project, that mothers enrolled in a WIC Program can be taught the advantages of breastfeeding through pre- and postnatal consultation with trained staff.[3]

C. Failure to Thrive. Although the mechanisms that regulate growth in the child are complex, the "failure to thrive" syndrome has been widely recognized and described. Failure to thrive can be described as weight for age below expected levels. In 1985, the Centers for Disease Control found that a large number of children enrolled in Federal programs for low-income families had failure to thrive. The failure to achieve standard weight for age was two to three times more prevalent in children from low-income families than for children of the same sex and age in the national reference population.[4] A significant number of children from families of low socioeconomic status in the US are not achieving their potential for physical growth.

D. Calorie Intakes. Children four and five years old who live in families of low socioeconomic status in the US eat at least 150 to 200 fewer calories per day than they need, when their calorie intake is compared with the calorie recommendations in the Recommended Dietary Allowances (RDA). This deficit is greatest in black children in the 4- to 5-year age range whose families are non-food stamp participants.[5] Inadequate calorie intakes in young children of families of low socioeconomic status pose a national nutritional problem. The calorie intakes of children whose families participate in Federal nutrition programs are greater than those of children whose families do not.

E. Iron Intakes. The average iron intake of children one to three years of age whose families participate in the food stamp program is less than 75% of the recommended amount (RDA); that of children whose families do not participate is less than 60%.[5] Children from families of low socioeconomic status are estimated to have protein intakes of approximately 2 ounces per day. Although this amount of protein is not inadequate, the diets of these children do not include sufficient quantities of meats, poultry, or fish to provide the needed iron. This finding is true in families of low socioeconomic status, regardless of their participation in nutrition programs.[5] The second National Health and Nutrition Survey (HANES II) from 1976 to 1980, reported that the highest prevalence of impaired iron status was seen in children from one to two years of age and that anemia was more prevalent in black children three to four years of age and females 15 to 19 years of age.[6] Status below poverty level was associated with a higher prevalence of impaired iron status in preschool children and in adolescent females.

F. Conclusion. Nutritional problems persist in US children and are more frequent in children living in families of low socioeconomic status. Twenty percent of all children in the US or a total of 12.5 million children live below the poverty level.[7,8] These children frequently have low birthweight, failure to thrive, inadequate calorie intake, and iron-deficient diets.

The diets of preschool children has improved in families that participate in Federal Food Programs. The improvement results from greater consumption of foods rich in energy, protein, ascorbic acids, thiamine, riboflavin, niacin, vitamin B_6, vitamin B_{12}, calcium, iron, vitamin E, folic acid, phosphorus, and magnesium.[5] Federal food programs, therefore, result in improved diets among program recipients.

III. Programs

A. Food Stamps. The Food Stamp Program, the largest in the FNS, has an annual budget greater than $13 billion. Sixty percent of eligible households are currently estimated to participate in the program, compared with 43% in 1979. In 1988 there were 19 million participants.[9] Most mothers and children who are eligible for food stamps receive them.

B. WIC Program. An estimated 7.5 million mothers and infants are eligible to participate in the WIC Program. In 1984, almost 30 percent (over 800,000) of the mothers who delivered infants were eligible to participate, and of those, only 46 percent actually participated. Funding for the WIC Program has increased 44 percent since 1984, and during that time, the price of infant formulas has been reduced, There has been an almost two-fold increase in appropriations for the WIC Program over the past decade.[2,10] The WIC Program is approaching full service of eligible mothers and infants.

C. Child Nutrition Programs. Food assistance initiatives within this program are school lunches, school breakfasts, summer food, and a child care food program for day-care centers. In 1988, almost 10 million children received free lunches and 1.6 million received lunches at a reduced price. Three million received free breakfasts, 1 million received child care food assistance, and another 1.6 million received summer food. In 1984, almost 9 million students lived in families with incomes below the poverty level and 5 million were participating in the food stamp program. A total of 10 million children received free lunches that year. In 1990, the total appropriations for child nutrition are $5 billion with $3 billion devoted to the school lunch program. The school lunch appropriation has grown 37% in the last decade.[11] Within participating schools, over 11 million children, most of whom live in families below the poverty level, received free or reduced-price lunches. These meals account for approximately one-third of their food intake during the school year.

D. Summary of FNS Child Feeding Programs. The total appropriation for all maternal and child programs of the FNS for 1990 is over $7 billion. This amount represents a 56% increase in appropriations during the past decade. Almost 30 million children received these benefits in 1989.[12,13] The magnitude of the resources and the degree with which eligible mothers and children have been served suggests that societal support is approaching saturation. The persistence of nutritional problems during pregnancy and childhood suggests that the biological basis for these problems should be assessed and that the focus of these nutrition programs should be reset.

E. Total Federal Programs For Families. The FNS assistance programs for mothers and children need to be evaluated in a larger context. A major program administered by Health and Human Services (HHS) is the Aid to Families with Dependent Children (AFDC). Eighty-two percent of the AFDC beneficiaries also receive food stamps, 56 percent receive free school lunches, 19 percent receive WIC and housing support.[14] In 1980, over 10 million individual recipients were aided by a budget of approximately $7 billion. The appropriations for 1990 are estimated to be at $12 billion. The November 1989 statistics reveal that 11 million recipients comprise almost 4 million families. Approximately 7.5 million children were recipients in 1989,[14,15] and approximately 2/3 of eligible children are estimated to participate in AFDC programs. The Earned Income Tax Credit (EITC) is rapidly becoming one of the nation's largest welfare programs, in terms of dollars and recipients. In 1989, EITC tax credits approximated $6.7 billion and served 12 million families with children.[16] Medicaid is a program mandated for all recipients of AFDC. With a budget of almost $34 billion, Medicaid covered 96 percent of AFDC recipients in 1989. The Headstart Program is designed to provide educational enrichment for children 3 to 5 years old. In 1989, almost a half million children were served by this program within a budget of $1 billion. Almost half of the Headstart children are in families that receive AFDC benefits.

F. Conclusions. Significant progress has been made through Federal cash and noncash transfers to the approximately 4 million families whose income is below the poverty level. Participation in federally funded programs is uneven as a result of inequality in program implementation, not because of a lack of Federal commitment. Most of the problems fall into three categories: inadequate Federal department and agency program coordination; poor coordination among Federal, state, and local efforts to meet client needs; and lack of community-based case-workers to identify client needs and arrange for program participation. The USDA Extension Service through the EFNEP provides nutrition education to low-income families. In 1989, more than one-half million adults and children received help from this program which had a budget of almost $59 million. This is the only Federal program that provides home-based, case-oriented nutrition intervention.

IV. Proposals

The progress report of the Select Committee on Hunger of the US House of Representatives in 1988 stated, "There is a host of Federal programs designed to assist low-income individuals and families secure and maintain a decent standard of living. A number of congressional committees have legislative jurisdiction over the various programs, and numerous independent Federal agencies administer them. However, it is at the State and local level that the serious problem of fragmented and conflicting program operations are acute. Public assistance program administrators, participants, and evaluators have testified before the

Select Committee that the lack of multiple program integration efforts and conflicting application procedures and certification guidelines discourage participation among those in need and, in fact, increase the potential for management problems."[17] I have experienced the same problems.

Some of these issues were addressed in the 1989 Child Nutrition Program appropriations. Permission enabled schools to circumvent the application process of the school lunch program in cases where the child is categorically eligible because his or her family receives food stamps or AFDC benefits. A family day-care center in Minnesota that participates in the Child Care Food Program demonstrated that additional meals and snacks were needed for children maintained in care for more than 8 hours. The WIC program received an increase of $8 million to promote breastfeeding. The states are required to make referrals to and inform program applicants about eligibility for food stamps, AFDC, and Medicaid programs. The follow-up of participants and applicants who missed appointments was mandated. The states were permitted to mail the WIC vouchers to recipients in cases where nutrition education requirements had been satisfied.[18]

Although health and social programs can be funded by entitlement appropriations, it is not possible for any segment of society to buy health and well-being. I would like to suggest several approaches to improve the effectiveness of the existing USDA entitlement programs. I believe that these requests could be added to the 1990 Farm Bill. Although the legislative focus of the programs can be improved, the biological impact of program accomplishments measured thus far has been modest. For example, many evaluations of the WIC program demonstrate statistically significant effects on women, infants, and children, but the magnitude of these effects on average gain in birthweight and growth, and the reduction in the frequency of anemia are smaller than most physicians would accept as important. On the basis of these evaluations, program designs can be improved. The following steps could be taken to toward such a redesign.

A. Many workers at the local level believe that opposition to program coordination has a legal basis. The Attorney General should be asked to review, enumerate, and catalogue all legal authorities on maternal and child health in the Departments of HHS, USDA, Education, Commerce, Interior, Defense, HUD, Labor, Energy, Transportation, and State. The Attorney General should determine whether any legal barriers exist which impede grass-roots recipient-oriented coordination of Federal and local services for mothers and children. These findings should be reported to the Congress. Methods consistent with Constitutional authority should be outlined to remove legal barriers when they are identified.

B. A single eligibility evaluation mechanism should serve for all Federal Programs of Entitlement. Congress should request that GAO conduct a study and submit a report to Congress outlining the design of an implementation strategy for one-stop eligibility assessment for all maternal and child Federal programs.

C. A coordinated effort to improve prenatal care and maternal nutrition should be established. The USDA programs need better coordination with other existing health services to achieve this objective. An interdepartmental task force of federal program managers should be mandated by the Congress and a report should be prepared that recommends various options to improve local program coordination.

D. Home visits are essential to find and encourage women at high risk of low birthweight infants to enroll in prenatal nutrition care programs and in Federal and local health programs. The Food and Nutrition Service and the Extension Service should be required to submit a report indicating ways in which the Expanded Food and Nutrition Education Program (EFNEP) of Extension, along with other Federal, state and local organizations, could be used to facilitate home visits, case finding, and early referral to Federal Programs concerned with prenatal care.

E. The EFNEP should develop in-home programs to teach child-care skills. The Extension Service should be required to present a strategy involving state and local programs designed to provide pregnant women, mothers, and future mothers with child-care skills and health education. The EFNEP is eminently well-positioned to for this task.

F. Postnatal home visits are needed to prevent malnutrition in newborns and to promote attendance at well-child clinics. Breastfeeding should be an important component of this comprehensive health promotion task. The Extension Service and the FNS should be required to submit a plan that promotes breastfeeding and teaches improved child-care in the homes of program participants. The EFNEP is an ideal candidate to assume this task, because it exists in the community and is locally recognized for its valuable contributions.

G. Nutrition Education and Program Outreach in the WIC Program should be coordinated with the EFNEP activities. The combined programs should recommend plans for a healthy lifestyle that would promote breastfeeding; prevention of diet-associated diseases such as obesity, hypertension, atherosclerosis, and cardiovascular disease; physical fitness and mental well-being; and preparation for parenthood. The USDA and HHS should be required to report on a strategy for coordinating this task.

H. The school lunch program should be redirected to expand child-care food programs for day-care centers and to extend the school day for "latchkey" children. The Department of Education and the USDA/FNS should report to the

Congress on mechanisms by which this growing segment of our society can be supported nutritionally, that is, in school breakfast, summer food, and child-care programs. The report should also provide a framework for the prevention of school dropouts in this population.

I. Congress should request that the GAO conduct an evaluation of the effectiveness of the coordination of all Federal programs for mothers, infants, and children at the local level, and provide recommendations by which the coordination can be improved.

J. The Department of Education, HHS, and the USDA should develop a curriculum to promote healthy lifestyles and design educational objectives and programs consistent with the existing dietary and physical fitness guidelines. The curriculum should also promote responsible parenthood and effective child-care. These three agencies should report to the Congress on the objectives, programs, and strategies for the implementing healthy lifestyle programs in schools throughout the United States. Emphasis should be given to infant and child development; the prevention of alcohol, tobacco, and addictive drug usage; and the prevention of adolescent pregnancies, AIDS, and cardiovascular disease.[19,20]

K. The GAO, in cooperation with HHS and the USDA, should develop a strategy to monitor nutritional status, health access, and Federal program participation by pregnant women and infants. The strategy should be designed to monitor the impact of Federal programs on reducing low birthweight and infant mortality.[21] If possible, this program strategy should include testing for addictive drugs.

V. Conclusions.

From a practical perspective based on my experience with the WIC program and the EFNEP in the state of Texas, and my 25 years on the staff of the Ben Taub General Hospital, which cares for the indigent population of Harris County in

Houston, TX, I have seen a gradual improvement in child health. I have seen a dramatic decrease in the frequency of severe malnutrition and iron deficiency anemia as a cause for hospitalization. I think now is the time to set our priorities in place for the next century, the century of the adult. During the coming decade, we must concentrate on issues of nutrition which will enable a lifetime of health and well-being for our children. The future redirection of food supplementation programs toward the maintenance of lifelong health and well-being and the prevention of long-term disabilities, such as atherosclerosis, hypertension, obesity, and diabetes, should be our priority for the next century.

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Chairman **Sasser**. Mr. Greenstein, you indicated that Martin Feldstein said that the second most cost effective program for reducing infant mortality was WIC. Do you remember what Dr. Feldstein said was the first most cost efficient program?

Mr. **Greenstein**. Yes, Mr. Chairman. This is a study by three researchers, not by Dr. Feldstein himself. But it is published by the organization that he is the president of. And prenatal care ranked first, the WIC ranked second.

I believe, and my memory is a little fuzzy here, that it may have been that in either infant mortality reduction or low birthweight reduction, that among black children that WIC may have rated first. I am not sure. But overall, prenatal care rated first, and WIC rated second in this study which was published within the last 6 months or so.

Chairman **Sasser**. All right now, you have indicated that one of the principal problems is high housing costs, and have demonstrated to us the escalation in the housing cost over the past decade, and how that is taking an inordinate amount of the income, or disposable income, of poor families.

What accounts for this rapid run-up in housing cost for poor families in your judgment? Do you have an opinion on that?

Mr. **Greenstein**. Well, I think there are several issues here. Probably the paramount one is that the number of low-rent units in the private housing market has declined significantly over the last 10 to 15 years. I think both the HUD data and the Harvard Joint Center for Housing data show a decline of several million units in the low-rent housing stock.

At the same time that that has been occurring, there has been an increase in the number of poor households. The result is that we went from a situation where there were more low-rent units than there were low-income renter households to a situation in which, by 1985, there were 3.7 million fewer low-rent units than low-income households; defining a low-income household as one with income below $10,000 and a low-rent unit is $250 a month, which is 30 percent of the income of a $10,000 household.

Now, adding to that, I think, has been the retrenchment on the Federal side. If you are losing that many units from the private housing market, then you need to subsidize more units in the private market to prevent the housing shortage from growing worse. In the late 1970s, we subsidized about 300,000, I think, from 1977 to 1980, an average of 316,000 additional low-rent units each year were subsidized under HUD programs. During the 1980s, that fell to only 82,000 additional units a year, a decline of three-quarters.

And I was discouraged a bit to see that despite the HOPE initiative, the total number of new units in the administration's budget, including the HOPE initiative, is only 82,000, exactly the Reagan era average. So in the long run, we need to go back, I think, to subsidizing a significantly larger number of additional units.

Secretary Kemp has talked at times about more vouchers. I think more vouchers would be helpful, but in the budget, there are not that many more of them. And what there are are simply replacing or instead of other kinds of incremental units. But 82,000 a year is not enough at a time when we have this big shortage in the private market for low-rent housing.

Chairman SASSER. Let me ask you both this question.

We have seen, over the past few years, the economy growing, although at modest rates. Unemployment continues to be low. Yet we find that the numbers in poverty continues to grow. Each year there are more poor children than the year before. Why is it that poverty is so entrenched for children in this country, given the fact that the economy is growing and unemployment continues to be low?

Who wants to take a crack at the first?

Mr. GREENSTEIN. I think that there are three major contributing factors. I think most analysts would agree that these are three key factors. They may disagree on the relative share to give each of the three.

One of them is that while unemployment is down, so are wages.

Chairman SASSER. Right.

Mr. GREENSTEIN. Average hourly wages for nonsupervisory jobs were lower in 1988 than in any year since 1970. They fell again in 1989. The proportion of jobs that pay full-time wages not sufficient to lift a family, whether it is three or four people, to the poverty line is significantly greater now than it was in the 1970's. The number of working poor is up.

That is clearly an important factor here. The continuing erosion in wages. We also have a growing inequality of wages. In other words, there is a gap between middle-level paying jobs, high-paying jobs, low-paying jobs—is greater than it used to be. The wages are eroding particularly at the bottom of the income spectrum. That appears to be directly tied to the fact that wages are eroding for people who do not have a high school education, and even for those who have a high school education but do not have any college.

Educational level is becoming far more important than it used to be in determining wage levels. And people without at least some college are those whose wages are continuing to erode.

Secondly, the proportion of families headed by a female continues to rise. If you want to just come back to the wage issue, the way that many families have managed to stay even despite the erosion in wages is to have the second earner work more hours. If you are a single-parent family, you do not have a second earner to work more hours, and you yourself may be limited in the hours you can work if you have young children to care for.

Thirdly, the reductions in Federal programs, particularly in the early 1980's, coupled with continuing erosion of benefit levels set by the State, particularly in areas like AFDC, is an ongoing issue. We have census data from 1979 through 1987 on the proportion of families with children that were poor before any government benefits and were lifted out of poverty by those benefits. And the data tell us that in 1979, one of every five families with children that was poor before getting any government benefits were lifted out of poverty by those benefits. By 1987, only one out of nine families with children that were poor before the benefits was lifted out of poverty by those benefits. And in general, those benefit levels for poor families with children in AFDC set by the State continue to erode.

So I think all of those factors, eroding wages, eroding benefits, more female-headed families, are all factors that contribute to the problem.

Chairman SASSER. Do you want to comment further on that, Dr. Nichols?

Dr. NICHOLS. I am wondering if the erosion that you are speaking of is actually documented. I note that you talked about the increasing growth of the people under poverty level. But it seems to me that in the bookkeeping you do not take into account the actual benefits received from the various programs. I am not a economist, and would not want to argue. But if you look at the total cash and noncase benefits received, they certainly more than cover what economists calculate to be the poverty gap. Can you explain the economic concept of poverty gap and why the total Federal appropriations which exceeds the poverty gap has not made an impact on the state of poverty of the recipients?

Mr. GREENSTEIN. Can I respond to that?

Chairman SASSER. Yes, but we are running out of time here. But go ahead, Mr. Greenstein.

Mr. GREENSTEIN. I will try to be brief.

There are debates over how to measure poverty. If one uses a measure that includes noncash benefits, while the total poverty rate is lower under that measure as well, it has risen since the late 1970's. In fact, under the census measures, the noncash benefits has probably risen more than under the official measure of poverty. So no matter how you measure poverty, it is higher now than in the late 1970's.

Secondly, the question is the poverty gap. I think the problem here is one of definition. The poverty gap is measured on cash income only. You cannot use a poverty gap that is cash income, count against it things like medicaid benefits or Head Start, then say the poverty gap is still there and therefore, the programs are not working.

In a study done at HHS by, I think, Daniel Weinberg 2 or 3 years ago, he found that when you have a consistent measure, that the programs we have now do significantly reduce the poverty gap from what it otherwise might be.

Chairman SASSER. Finally one final question.

We hear a lot about the poor and the hungry and the homeless in our large cities, and perhaps that is because they are more obvious, and you can simply drive through some areas of our large cities and you can see the homeless on the streets, and you can see those that are hungry if you stand out in front of the soup kitchens and that sort of thing.

But the problems are just as bad in many of our rural areas, I believe. The services and benefits that the rural poor need are insufficient many times, inconvenient. And a lot of the rural poor and rural poverty, and even rural hunger, I think, tends to be hidden.

Could either one of you gentlemen comment on how our assistance programs might be better fashioned to serve people in rural areas? You want to take a crack at that, Dr. Nichols?

Dr. NICHOLS. Well certainly Texas has a significant rural constituency. It is a problem that is two-staged.

First of all, those rural areas with a large child population have the greatest extent of poverty, by the census standards. The issue is that these people are largely unserved by health and social programs, effective service by the WIC program, because the rural areas of Texas lack an infrastructure for meeting these needs. That is one reason. I have offered a novel suggestion in my written testimony that we should begin to involve Extension personnel in meeting these needs. The Extension Service has a long history of technological leadership in the rural areas of the United States. And they have for the past 12 years been involved with the Expanded Food and Nutrition Education program in the inner cities. Perhaps the extension workers (which combine Federal and State support) could deal with poverty and hunger, malnutrition, technical program guidelines, support participation education, find a way out of the cycle of rural poverty, I think they are a good agency to consider for this technological issue of raising children in a modern society.

Mr. **Greenstein**. Let me add.

I think the WIC program does better than most in rural areas. And I think, in fact, in Dr. Nichols' State, they did recently open WIC programs in virtually all of the 40 rural counties that previously lacked them.

In the Food Stamp program, I think we need to carefully assess those items, those problems that make access more difficult in rural areas. And there are some we can make progress on, such as more use of issuance of food stamps by mail in rural areas, and other methods to make the program more accessible.

I note despite that the census data—there was a recent study where they covered a 32-month period. And if I remember correctly, they found that over this 32-month period, one of every six Americans in rural America received food stamps for at least 1 month during a 32-month period. Very few of them received it for all or most of the 32 months. But many people received it during a temporary period when they were temporarily poor, and then got back on their feet.

The other thing I would mention, moving beyond food programs, is that I think the single greatest distinguishing characteristic of the rural poor is that so many of them work. The proportion of the rural poor, excluding the elderly, who are working families is significantly higher than in the urban areas. If I remember correctly, I think about 70 percent of all rural poor families in which the head is not elderly, disabled or ill are families in which the family had worked.

That means that most things that we do that target on the working poor are going to disproportionately help the rural poor, and that would include such things as expanding, which I do not think you need to deal with in the budget resolution. It ought to be able to be dealt with in the Tax Code in a neutral way. Expanding the earned income tax credit is very important for rural areas.

You look at the States in which the highest proportion of tax returns are returns in which people get the earned income credit. They are in the south. A lot of rural poverty in the south.

When the Congress last year expanded medicaid to cover pregnant women and infants and children up to the sixth birthday, up to about 132 percent of the poverty line—whenever you expand medicaid, the more poor children, you are really expanding it to the working poor. People on welfare are already automatically eligible for medicaid. The working poor are disproportionately in the rural areas.

So whenever we focus on the working poor, I think, we have a particular dent in the rural area so long as we have a delivery mechanism to actually be able to get to people so they can access the program.

Chairman **Sasser**. Gentlemen, I want to thank you very much for appearing here this morning and express my appreciation for your testimony.

The committee will now stand in recess.

[Whereupon, at 1:05 p.m., the committee adjourned, subject to the call of the Chair.]

American Academy of Pediatrics

STATEMENT

SUBMITTED TO

UNITED STATES SENATE

BUDGET COMMITTEE

ON

HUNGER AND CHILDREN

February 20, 1990

Department of Government Liaison
1331 Pennsylvania Avenue, N.W.
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The American Academy of Pediatrics, an organization of 37,000 pediatricians specializing in the care infants, children and adolescents, is pleased to submit testimony in support of the WIC program, to advocate an increased authorization level, and to recommend higher appropriations in order to serve more eligible participants.

The Academy's support for WIC is based on three reasons:

- WIC improves pregnancy outcomes and may be linked to enhanced cognitive skills in children.
- The WIC program targets spending for health promotion and prevention of nutritional deficiencies.
- WIC provides an opportunity for infants, children and pregnant women to access an ongoing medical care system.

The Special Supplemental Food Program for Women, Infants, and Children (WIC) is a federally funded nutrition assistance program. It is designed to provide supplemental foods, nutrition education, and access to health services to eligible, low income participants. The WIC program is a treatment program for infants identified as nutritionally deficient, but it should also be a preventive program for maintaining the health and nutritional status of at risk participants.

The underlying premise of the WIC program, for which there is both empirical and anecdotal evidence, is that substantial numbers of pregnant, nursing and postpartum women, infants and children from low income families are at risk because of inadequate nutrition, inadequate health care, or both. Over 10 million children have no medical insurance. One out of four women do not seek care during the first trimester of pregnancy. In six percent of all births in this country, there is either late prenatal care or none at all. When prenatal care is not instituted until late in pregnancy, the rate of low birth weight infants and the rate of infant mortality increases. The U.S. ranks 18th among industrialized nations in infant mortality.

While some aspects of the infant and neonatal mortality puzzle remain unsolved, the wisdom of providing prenatal care and feeding pregnant women and infants is without question.

Data from the Department of Agriculture's 1986 evaluation of the impact of WIC demonstrated reductions in late fetal deaths and premature births, increases in the head size of infants born to WIC mothers, increased use of prenatal care and improved cognitive development among children participating in the program.

Not only is the program effective, but it also saves money. The average cost of caring for a child weighing less than 1 2/3 pounds, requiring more than 21 days of mechanical ventilation, as reported in a 1987 survey of children's hospitals, is $160,000 per case. The average cost of the most severe of these cases is $190,000. Compare this with the average monthly cost of $42.00 per WIC client.

WIC can be the gateway to comprehensive prenatal and well child care for many women, infants and children. The Academy has strongly emphasized the advantage of a regular source of care and is an active supporter of Medicaid revisions that have improved eligibility for low income patients. We are currently developing a comprehensive proposal aimed at guaranteeing access for all children to a regular source of health care, that is, a medical home. For many WIC families, the process of obtaining a regular source of care could be facilitated by direct links between the WIC and Medicaid programs, such as joint registration and referrals.

As pediatricians, we know that early identification of health needs is both compassionate and cost effective. Undetected and untreated health and nutrition problems in young children only worsen and further compromise optimal growth and development.

The WIC program is a lifeline for low income, nutritionally at risk women, infants and children and represents what might be for some, the only contact they have with the health care system.

However, the WIC program is not available to all those who qualify to receive services. Because WIC has to operate within congressional funding levels, only about two-thirds of those eligible to participate are receiving services. In the fall of 1987, the Centers for Disease Control published results of a major study which demonstrated a sharp drop in anemia among low income children in the WIC program, which further validates its effectiveness. These results prompted the New England Journal of Medicine to publish an editorial concluding that funding for WIC has never been adequate and that these data should provide momentum to push for increased funding.

The Academy believes that the WIC program should be expanded to serve as many eligible individuals as possible.

The following action steps are recommended to accomplish this goal:

1. Authorization and appropriation levels should be increased to ensure a steady growth in funding so that more participants can be enrolled.

2. Funds allocated for strategies to aggressively promote breastfeeding among WIC recipients should be used for that purpose at the state level and not diverted to other nutrition education programs. Such strategies should be designed to reduce barriers and increase social support for breastfeeding.

3. Due the uncertainty of solid food intake during the second half of the first year of life, iron fortified fortified formula should be provided to WIC infants whose mothers do not breast feed through the first year of life.

4. The Academy favors the infant formula purchase system that returns maximum savings to the program while maintaining the quality of the food or formula.

5. The Academy strongly recommends referral of WIC recipients to a public or private source of medical care that can provide continuing comprehensive care, including immunizations, assessment of growth and development, and treatment of acute and chronic illnesses.

6. The Academy recommends expansion of the research component of the WIC program to document its effectiveness in the treatment and prevention of nutritional deficiencies in infants and children.

By acting now, we can reverse the unacceptable and unnecessary rate of infant morbidity and mortality and provide future generations with the healthy start which they deserve. In these days of budget cuts and cost containment, the expansion of WIC is a smart move, both for the nation's economy and for its needy women and children.

Not by Bread Alone:
A Call to End Hunger

A report on people who seek food assistance in the State of Maryland

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INTRODUCTION AND ACKNOWLEDGEMENTS

1989 marks the second year of the Maryland Food Committee's survey of food pantries and the people they serve. In our first report, *Hunger Knows No Season*, we discovered some basic facts.

This year, we decided to learn a lot more.

Ninety-seven pantries participated in this year's survey, keeping much more detailed records, in the two month survey period, than they had the year before. Pantries provide a simple but essential service: they supply food – generally a 3-4 day supply – to people who come in with a stated need. Maryland's pantries are primarily based in churches, synagogues and socially concerned groups, with food provided by food banks and local canned food drives. Keep in mind that there are close to six hundred providers across the state providing food assistance. Therefore, we have reported on only a sample of the total.

The introduction to last year's report states, "The purpose of this report is...above all to document need." This year's report will further document that hunger exists all across Maryland while showing the role of the government programs designed to assist those in such need.

Thanks to ... Thousands of volunteers who work around Maryland to provide food assistance to their neighbors. They respond to the crises more and more people face when they turn to pantries. They run food drives, stock shelves, listen to the plight of their neighbors, and care enough to give of their time and energy.

This report would not have been possible without the people who run and work in the ninety-seven pantries that collected records for us. Thank you.

Volunteers at the Maryland Food Committee logged several hundred hours in data entry. The extent of the data provided is due to their efforts as well.

Irreplaceable support was provided by Mary Donadoni: she compiled the outside data used in this report, as well as organizing the reference section.

Special thanks to Dr. Catherine Born of the University of Maryland, School of Social Work and Community Planning for her continued support and consulting.

While the persons and organizations cited above thus share in the credit for this report, the Maryland Food Committee is solely responsible for the conclusions, interpretations, and statements contained herein.

Statistical Note: Data that reflect a change in survey results between 1988 and 1989 are stated in terms of an increase or decrease in percentage points, rather than as a percent change. For example, if the population of seniors using pantries has risen from four percent to six percent, the population has increasd by two percentage points or 33 percent.

The implications for the 1990s and beyond demand immediate action, to prevent children from becoming casualties of poverty.

EXECUTIVE SUMMARY

During the last decade, the war on poverty moved from the halls of government to the church basement.

The War on Poverty, declared by President Johnson in 1965, lifted 13 million people out of poverty between 1965 and 1973, largely eliminated chronic hunger and reduced the poverty rate from 17.3 in 1965 to a low of 11.1 percent in 1973. When the federal government all but withdrew from the War on Poverty in 1981, however, the combined pressure of economic shifts and federal budget cuts that followed pushed the poverty rate up to 15.2 percent in 1983. While the current rate of 13.1 percent represents a decline since 1983, the number of people living in poverty still far exceeds the level reached in the 1970s.[1]

As government withdrew, the private sector moved to the front lines of fighting poverty and hunger – armed only with bags of groceries.

The battle against hunger through private food assistance – primarily soup kitchens and food pantries – has escalated nationwide. In Maryland, the effort has grown from fewer than 50 organizations in 1980 to almost 600 in 1989 in an attempt to fill the gap left by severe cutbacks in federal low-income assistance.

Yet the efforts of private providers have not even achieved a stalemate: instead, we face a "domino effect" as successive generations of children fall victim to poverty. The implications for the 1990s and beyond demand immediate action, to prevent children from becoming casualties of poverty. As the Cold War ends, it is time for government to again join in that other war – the slow, sometimes tedious battle against the ravages of poverty.

Poverty and Food Security

According to recent Census Bureau statistics, 31.9 million people in the United States live in poverty. Despite six years of economic recovery, the Center on Budget and Policy Priorities calculates that the poverty rate remains higher than in any year of the 1970s, including the years of severe recession.

Confronted with the realization that poverty and hunger persist at high levels even in periods of economic growth, the House Select Committee on Hunger adopted a

"I can't give up," she said. The youngest of their children has a heart murmur. "We make it, but just barely, and sometimes we need help – and the people here – they listen."

definition of hunger as a lack of Food Security:

> "Food Security is a condition in which all people have access at all times to nutritionally adequate food from normal food channels."

In Maryland food insecurity is increasing, accompanied by increases in health care costs and infant mortality rates. The hardest evidence is in infant mortality rates (IMR) – Maryland's IMR is 11.6; that is, for every 1000 live births, 11.6 infants die in their first year. In Baltimore City the IMR is 16.5. Among black infants in Baltimore the IMR is 21.1 – higher than the IMR in Poland, Japan, Trinidad or Kuwait. In the counties, the IMR ranges from a high of 16.0 in Talbot County to a low of 6.2 in Howard County. These children are casualties today. The impact on future decades will be devastating.

HUNGER STILL KNOWS NO SEASON - ONLY PAIN

The Maryland Food Committee's 1988 report, *Hunger Knows No Season*, published the first comprehensive data compiled in Maryland on the most widespread form of private food assistance – food pantries. This year's survey provides more detailed information about the people who use those pantries.

The results confirm our initial findings: yes, most hungry people are babies and children; yes, pantry clients have little or no access to the public assistance programs intended to help hungry people.

The survey results also find more people in need. While a smaller number of pantries (97) participated in this more detailed study, more families and individuals were served in the same two month time period – 36 fewer pantries served 2,000 more people than last year. More than two-fifths of the households are at the pantry for the first time, an eight point increase over last year. The percentage of first-time clients ranges from 68 percent in Central Maryland to 31 percent in Southern Maryland. Altogether, 11,070 households representing 31,744 people were provided groceries during the sample time frame. This is what they taught us:

There are many faces in line at the pantry:

Their eyes are hopeful, confused, angry, tired, embarrassed, afraid. There is no one profile, no single case study. They suffer illness, lay-offs, or injury on the job. Escalating housing costs, a bewildering array of social service applications, and inadequate public benefits keep these families in a constant struggle just to get through the month. We cannot see their empty cupboards, but the pantry volunteers see their eyes.

Hunger still wears a child's face.

Children represent the largest group served by food pantries; 51 percent are under 18. Two of every three households has a child. Of those, over half have children under age five.

Hunger still affects employed people.

Among pantry clients, 27 percent of the adults are employed. One-in-three households has an employed adult. In those homes, 23 percent receive Food Stamps. The rest make up the difference between salary and food budget with food from the pantry. Work doesn't always pay enough in Maryland. Among households with adults, employment ranges from 45 percent on the Lower Shore, to 39 percent in the D.C. metro area, 29 percent in Southern Maryland, and 16 percent in Baltimore City.

According to the U.S. Department of Labor, an hourly wage of $8 per hour in major cities ($7 in rural or suburban areas) is needed to become independent of welfare. Yet Welfare Advocates, Maryland's chief advocacy group for income support programs, finds that in December, 1989, the average starting wage for jobs placed through Project Independence (Maryland's welfare reform program) is highest in Montgomery County at $6.75 and lowest in Baltimore City at $4.55. Will these families really be able to make it?

Poverty level for a family of three is $10,060, or $4.83 an hour for full time work. An income at 185 percent of poverty level for the same family is $18,611 ($8.95 per hour) — this line represents the eligibility limit for WIC and reduced-price School Lunch and School Breakfast. In 1989 an estimated one-in-five Marylanders (22.5 percent) live at or below 185 percent of poverty.

> ***"There's a growing population here that can't wait for their salary to go up, the workman's compensation to come through, or the public assistance to be liveable. Their families need supplemental help with food because the other financial demands and bills must be met and the price of food is not going down."***

Hunger still affects people who receive no government assistance.

Last year, the only clue that government programs were not reaching those who came to food pantries was that so few of them participated in the Food Stamp program. This year's survey provides more compelling evidence that many are falling through the safety net.

PROGRAMS THAT HELP...

...like AFDC for children

In the pantries, 26 percent of the families with children receive Aid to Families with Dependent Children (AFDC), a vital public assistance program. Among single-parent families, 35 percent participate in AFDC. These families are scrambling, despite public assistance, to fill the most basic need: to put food on the table. The families and single parents without AFDC are just edging by as well.

The State sets the standard of need (the amount required to maintain a minimal standard of living) at $782 per month for a family of three. The poverty level for that family is $838 per month or $10,060 per year. For those on AFDC, the maximum allowable payment in Maryland for a family of three is $396 per month. Who can fill that gap? It is left to the private food provider to offer some relief.

Maryland ranks fifth in per capita income but only 22nd in the nation in its AFDC benefit level. From 1970 to 1987, the purchasing power of AFDC benefits to families with no other income fell nearly 25 percent, after adjustment for inflation.[2] A mother with two children eligible for social security survivors' insurance receives benefits nearly triple those available to a similar family on AFDC.[3] If our AFDC mother's husband died, she would be better off financially.

...and Food Stamps for families and senior citizens

Among those served at the pantry, statewide Food Stamp participation remains exactly the same as last year – 36 percent. Food Stamps, the greatest weapon we have in fighting hunger, is a benefit intended to supplement a family's food budget. Most of the households using pantries (64 percent) do not receive Food Stamps. In households with seniors only 26 percent receive Food Stamps. Around the state, participation ranges from only 23 percent of the households in Central Maryland to 44 percent on the Lower Shore. The Lower Shore experienced the greatest increase in Food Stamp participation over last year's 27 percent, while most regions experienced a slight decline.

The maximum Food Stamp benefit for a family of three is $260. But that amount is awarded only when a household has no other income. Any income, whether from AFDC, a low-wage job or child support, results in a decrease in Food Stamp benefits. With the maximum AFDC benefit of $396, a family of three is eligible for only $217 in Food Stamps. Combined, that represents 78 percent of the state's standard of need and 73 percent of the federal poverty level.

According to the Maryland Department of Human Resources, 1985 poverty rates reveal that only 49 percent of eligible households participate in the Food Stamp Program. Some households have other support (from relatives, for example) and many of the eligible households would receive only $10 a month. Given the cumbersome application process, they are discouraged from participating. Yet ten dollars' worth of milk, fruit and vegetables would certainly be of help to these families.

For the families and households in the pantry survey not receiving Food Stamps (64 percent), pantries provide the filler, the stop gap, the supplement.

The WIC program is meant to help infants and children...

Fewer than one-in-four households with children under age five that are visiting pantries receive benefits under the Supplemental Food Program for Pregnant Women, Infants and Children (WIC). Around the state, participation of households with children under age five ranges from 48 percent in Western Maryland to just 14 percent in Central Maryland and the D.C. Metro region.

Pregnant women and infants under age one are the priority for WIC enrollment. In households with infants under one that come to a pantry, only 27 percent receive WIC. Moving down the priority scale to households with children between the ages of one and four, enrollment drops to 19 percent.

A single mother of two, just starting nursing school, is waiting to hear whether AFDC comes through or whether she'll have to quit school and go back to her cashier's job.

The WIC program does not serve all eligible women, infants and children because this federal program is not an entitlement program (see Definitions, p. 46): the funds allocated for WIC are limited. Nineteen states and the District of Columbia supplement these monies in order to serve more women, infants and children – Maryland is not among them.

More than 65,000 of the 125,000 eligible women, infants, and children remain unserved by the WIC program. Many of them are receiving help from a pantry.

In 1986, a Harvard study determined every dollar spent on WIC saves $3 in future health care costs. In Maryland, the cost of intensive care immediately following birth for a baby born with low birth weight averages $18,000, while the lifetime costs of permanent disabilities resulting from low birth weight reach $400,000. By contrast, a WIC expenditure of $400 per year can prevent low birth weight.[4]

...and School Meals help kids learn.

Among the households with children between the ages of five and twelve that use pantries, only one-in-three receives School Lunch or Breakfast. Census data for 1987 shows that 71 percent of poor households with school age children receive free or reduced price school lunches.[5] Low participation among the pantry population speaks to the high percentage of households new to economic constraints and food crises. Awareness of these programs must be raised among people new to poverty.

Special programs are meant to help seniors and the disabled... ...like SSI

Seniors live in 16 percent of the households served by pantries.

Supplemental Security Income (SSI), a cash benefit for elderly or disabled people, is received in 13 percent of all households.

Nationally, one-out-of-four elderly poor households receives SSI.[6] This holds true among pantry households with seniors: 27 percent receive SSI. In households with seniors only that receive SSI, only 43 percent also receive Food Stamps.

Maryland does not supplement the basic federal SSI grant. Twenty-seven other states do. In 1987 maximum benefits for households with no other income were $340 per month or $4,080 per year (25 percent below poverty level) for single individuals and $510 per month or $6,120 per year (11 percent below poverty level) for couples. With the average level of deductions, individuals can draw $42 in Food Stamps per month, couples $63 per month. This is a significant supplement for someone trying to get by on a slender SSI check.

... and Elderly Nutrition

The percentage of seniors served went down this year from ten percent to seven percent. This reduction is believed to be due in part to an increase in the number of senior centers offering meals five days a week, instead of three. An additional $696,630 allowed an increase in both Congregate Meals and Home Delivered meals, from 303,028 meals in fiscal year 1988 to 400,830 meals in fiscal year 1989. The number of meals provided is projected to reach 665,830 by the end of fiscal year 1990.

Senior Nutrition clients generally have less need of food pantries, due to the increased availability and quality of meals at the centers. However, it is not always easy for seniors to go to the Congregate Meal site or the pantry, especially the frail elderly who are not ambulatory. Home-delivered Meals On Wheels must also be expanded to enable the homebound to live independently.

Senior nutrition programs in the state require special attention to ensure that all those in need are served. While many seniors still go to pantries, others are too proud to take advantage of these important programs.

Seniors also underutilize the Food Stamp Program. *A National Survey of Nutritional Risk Among the Elderly*, a study published by the Food Research and Action Center (FRAC), reports that nationally one-half of the households who are eligible for but not participating in the Food Stamp program are headed by an elderly person. Seniors typically do not apply for Food Stamps either because they believe they are ineligible or because they do not know if they are eligible.[7] The FRAC study reveals that congregate meals are the most popular food supplement program among the elderly – 57 percent participate in congregate meals, while of those below the poverty line, only 25 percent receive Food Stamps and just 11

And as a woman at Catholic Charities said here, "choosing which bills to pay is up to the spin of the lazy susan."

percent go to pantries. Food Stamps must be made equally accessible and appealing to this group.

An Obligation To Our Future

Children. The babies who make us smile, little kids on tricycles, teenagers on first dates. The children served by these pantries are in danger. These young people are Maryland's future. They will shape the economy of the next generation – for better or worse. We must ensure that they are able to shape it for the better.

The commitment to end hunger and poverty must include all sectors – public, private, labor, management, religious, civic, and individuals. The Maryland Food Committee calls on all of these groups to join us in a commitment of conscience and action.

The 1980s end with a tribute to community perseverance: an impressive network of pantries and soup kitchens, a veritable army of volunteers. The 1990s begin with a challenge to the larger Maryland community – the challenge to put the pantries out of business.

The commitment to end hunger and poverty must include all sectors – public, private, labor, management, religious, civic, and individuals.

TAKING ACTION

First and foremost, we can end hunger. All it takes is the will to end hunger: to better use federal, state, and private resources.

Statistics on the six o'clock news, like the ones in this report, have numbed many of us, leading us to believe that hunger and poverty are inevitable features of the national landscape. This is simply not true. Sufficient resources do exist.

Maryland is the fifth wealthiest state in the wealthiest nation on earth. Yet food pantries – once reserved for dire emergencies – are part of the landscape here, serving thousands and thousands of families throughout the state year in, year out. We cannot accept this as normal nor ignore the consequences for our future.

Each year, as the number of families served by the pantries increases, we run food drives and fund drives, scrambling to stock the shelves and meet the need. It is time to stop scrambling to provide temporary food relief and start investing in our future. Our children deserve a better nutritional legacy than the pantries of the eighties.

The 1980s: Poverty As a Governing Reality

A Senate Budget Committee report, "Wages of American Workers in the 1980s", found that the share of "middle-wage" jobs (paying between $11,612 and $46,444 per year) decreased significantly in the 1980s. The share of lower wage jobs – those paying a full-time wage below the poverty level – increased by more than twice that of high-wage jobs. In addition, the Census Bureau reports that in 1988, the wealthiest one-fifth of families received 44 percent of the nation's family income, the largest share ever recorded. By contrast, the poorest one-fifth received 4.6 percent of the nation's income, while the middle one-fifth had 16.7 percent, the lowest percentage on record.

As these changes made themselves felt, the federal resources available to help stem rising poverty had already become scarce. In 1981, anti-poverty programs were either cut or allowed to languish without appropriate increases. Low-income people found their housing and health care costs skyrocketing as federal support bottomed out.

The commitment to end hunger must include all sectors.

Meanwhile, the value of benefit levels declined sharply for people on public assistance. Today, income support programs leave recipients far below the official poverty level, unable to meet basic needs, let alone begin a return to self-sufficiency. When housing, health care, and other necessities use up more and more of a meager public assistance check, the food budget gets cut.

Where Do We Go From Here?

This struggle must include all of us. A 1988 study, *Making The Grade: the 1988 Development Report Card for the States*, published by the Corporation for Enterprise Development lauds Maryland's successful, aggressive approach to economic development. The study's director, Mitchell Horowitz, claims that "When a state does as well as Maryland, it shows that all the sectors – public and private, labor and management – are making a commitment to work on the economy." We need the same commitment to end hunger and poverty.

This commitment must include all sectors – public, private, labor, management, religious, civic, and individuals. The Maryland Food Committee calls on all of these groups to join us in a commitment of conscience and action.

WE MUST HELP MOTHERS AND BABIES

Supplemental Food Program for Women, Infants, and Children (WIC)

The Federal Government

- Increase funding by $150 million per year until all of those eligible can receive the nutrition assistance and education they deserve.
- Ease regulations for state WIC agencies to set up clinics.
- Re-evaluate the equity funding formula.

The State of Maryland

The state is the key to greater WIC participation. Eighteen states plus the District of Columbia supplement the program: Maryland does not. As of December, 1989, 65,000 people were left unserved due to limited federal funds.

- Supplement federal funding for WIC.
- Increase funding to allow 75 percent participation by 1991.
- Increase the State's WIC participation rate to 100 percent by 1995.

Local government

Montgomery County adds county funds to its WIC program, accounting for 24 percent of the WIC budget there. Other counties with healthy economies, such as Baltimore and Howard, should do the same. Even counties with more meager resources could add some support.

Individuals

Become WIC advocates. Demand that Maryland be a partner in funding the WIC program. Write your representatives on the state and federal level and tell them that babies must get the nutrition they need both before and after they are born.

WE MUST HELP FAMILIES

The Food Stamp Program

Food Stamps can have immediate, far-reaching impact on the lives of hungry families. Food Stamps guarantee food in the house. They cannot be used to pay the rent. They buy breakfast, lunch and dinner, though not for the entire month.

The Federal Government

- Increase the benefit levels to the USDA's "Low Cost Food Plan".
- Simplify the administration of the program to improve access.
- Change the household definition to allow independent relatives to be separate households in determining Food Stamp eligibility.
- Raise the $4,500 limit on the value of a vehicle that the household may exempt from resource limits (this has not been raised since 1977).
- Do not count the first $50 of child support as income.
- Allow low-income students who live with their families but who are not dependents to be eligible.

The State of Maryland

Food Stamps annually bring millions of federal dollars into the state, translating into a more robust food industry and more jobs. Yet about half of the eligible population in Maryland does not participate in Food Stamps.

- Make outreach a priority. Each dollar spent on Food Stamp Outreach may be matched by federal dollars.
- Require all forms and communications be written at no higher than an eighth-grade reading level. Currently, parts of the application are at college level.

The key to helping families is economic development that increases opportunities for jobs that pay wages above poverty level.

- Assure sufficient staff and staff training for local Departments of Social Services, in order to comply with existing regulations on first page filing, expedited issuance, and timely 30 day issuance of Food Stamps.

Individuals

- Acknowledge the vital role of Food Stamps in helping people, and eliminate the stigma that makes many people ashamed of using Food Stamps.
- Advocate for the changes listed above; let your elected officials know Food Stamps are important.
- Volunteer at local DSS offices, helping your fellow citizens with limited education find their way through the forms.

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

The State of Maryland

- Increase the benefit levels 70 cents per day per person to meet the standard of need set by the State.

THE SCHOOL BREAKFAST PROGRAM

The State of Maryland

Studies have shown a positive correlation between eating a good breakfast and improvements in test performance, classroom behavior, and longer attention span as well as decreased absenteeism – yet 191 elementary schools in Maryland do not offer the program.

- Mandate School Breakfast in every elementary school in Maryland.

Individuals

- Parents, teachers, principals, community members must get involved in School Breakfast expansion. Encourage your local school to make sure every child starts the day ready to learn.

EMPLOYMENT OPPORTUNITIES

The key to helping families is economic development that increases opportunities for jobs that pay wages above poverty level. Workplace education or training for less-skilled employees must become routine to assure a workforce able to meet changing employment needs. In cases where wages are low, employers can help by providing information on social programs. And, of course, health benefits are vital. One medical emergency or even a brief illness can wipe out a family's savings.

WE MUST TAKE CARE OF OUR SENIORS

ELDERLY NUTRITION PROGRAMS

The State of Maryland

In state Fiscal Year 1990, additional funding of the program allowed existing congregate meal centers, that are able, to serve meals five days a week instead of three. Additional funding would allow more meals to be served in Meals On Wheels.

- Add $665,000 to reach the level recommended in the 1985 Governor's Task Force on Hunger.

Individuals

In 1988, people around the state wrote letters for the Paper Plate Campaign, asking the Governor to add funding to WIC and Elderly Nutrition. Over 5,000 letters were presented in Annapolis. As a result, Elderly Nutrition received $680,000 the following year.

- Let officials know that seniors have paid taxes all their lives and deserve to have their needs met.

FOOD STAMPS

The State of Maryland

- Intensify Food Stamp Outreach to seniors to make sure those eligible know they are eligible.

Individuals

- Support the Food Stamp program by permitting participants to accept assistance without stigma or secrecy.

WE MUST HELP ALL HUNGRY PEOPLE.

STATEWIDE NUTRITION ASSISTANCE PROGRAM (SNAP)

The demand for emergency food increases and so does the need for better food distribution. SNAP helps meet these needs by providing funding to Food Banks and other redistribution organizations for capital expenses.

State of Maryland

- In Fiscal Year 1991, a budget of $500,000 is needed to allow private food programs to improve food storage and transportation systems to meet the rising demand for emergency food.

Pantries and soup kitchens will ultimately cease to exist, when food relief is no longer needed. However, Food Banks will continue to be needed to redistribute surplus food through day care centers, senior centers and other similar programs. The funding therefore will have both an immediate and a long-term impact.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

(Federal Commodity Distribution Program)

Federal Government

- Continue TEFAP administrative funding at $50 million.
- Make the program easier to administer through existing emergency food centers.
- Do not take money for commodity purchases out of the Food Stamp Program's budget.

COMMUNITY FOOD AND NUTRITION PROGRAM (CFNP)

This program allows organizations in the states to pursue important anti-hunger research, education, and outreach.

Federal Government

- Increase the authorization level over four years to $25 million a year.

COMMITMENT

Local Governments

- Make hunger and nutrition a top priority: become a partner in nutrition efforts with your local community by improving access to normal food channels and by supplementing programs where possible.
- Establish Community Action Agencies where they do not exist: Frederick, Harford, Cecil, Kent, Queen Anne's, Caroline, and Talbot Counties. Community Action Agencies play a critical role in moving families to self-sufficiency.

GET PANTRIES OFF THE FRONT LINES: PUBLIC/PRIVATE PARTNERSHIP

We must work to put pantries – and other private food assistance providers – out of business. We cannot accept them as permanent institutions.

Pantry Providers

- Work with us to end hunger: improve the referral process; assist clients with phone calls to the DSS; help with an application; go on an interview with a client.
- Ask clients, pantry supporters, church and synagogue members to write letters to their legislators in Washington, D.C., Annapolis, and locally, demanding their full partnership in ending hunger. Let them know you vote!
- Join the activities of the Maryland

If we refuse to accept that food security is a luxury, we must renew the commitment to end hunger.

Food Network. Opportunities vary around the state: establishing food buying clubs, promoting increased participation in school breakfast, learning more about the impact of programs like Project Independence on the people you serve.

- Document the numbers of people you serve and send that to the legislature and to your newspaper.
- Set up committees to write letters to the editor each month.
- Keep the issue in front of your community. Be a leader on the front lines. Don't do your work quietly: be vocal, and demand change.
- Involve the people you serve whenever possible – encourage them to share their stories with their legislators and the media. Encourage them to vote.
- Refuse to accept that your pantry will remain a refuge for ongoing food relief. Envision the day when you will, instead, work as partners with self-sufficient families to build a community where children can grow to their full potential.

The Larger Community

In the meantime, individual volunteers at local pantries and soup kitchens can often do more here than distribute food: help people learn to read, teach a young mother about cooking, or drive someone to social services. Assistance with paperwork and telephoning is important too. Write to your local newspapers and elected officials: enlist their help in ending hunger. Contribute to pantries and soup kitchens, and to the advocacy and feeding efforts of the Maryland Food Committee.

There we have it: we know what is necessary, if we are serious about nourishing our future. If we refuse to accept that food security is a luxury we must renew the commitment to end hunger. It is both necessary and possible if all members of the Maryland community join in.

HUNGER IN MARYLAND: AN OVERVIEW

The Faces of Hunger: Not One, But Many

What is your picture of a hungry person in Maryland?

There is no one profile of the person who finds her or himself without the resources to put food on the table. This has become clear as we look at the families who turn to their local food pantries to help them get through the month.

Children are most often the victims of this crisis. But the elderly, the disabled, senior citizens, illiterate and under-educated persons, skilled workers, the employed, all are finding themselves turning to pantries across Maryland. No one is immune from this danger – and danger it is. More and more citizens struggle in the shadow of economic recovery. More and more children suffer in their development due to hunger. We must be aware of the consequences for the future.

Word is Out – Steadily Increasing Need

For some time, those who are in the front lines against hunger – those who run soup kitchens and food pantries – have been reporting to the Maryland Food Committee that the problem is getting worse. We hear: "This has been our busiest summer ever," "We're not sure we can keep up," and increasingly, "Can you give us a grant?" Now we have the numbers to back that up.

Our 1988 report on pantries, *Hunger Knows No Season*, was based on data from 133 assistance centers. This year, 36 fewer pantries participated in a more detailed study – yet the 31,744 people served in this year's sample is nearly 2,000 more than last year.

11,070 households were served by 97 pantries (one quarter of the state's pantries) in a two month period. They are only a sample of Marylanders seeking food assistance.

More are coming to the pantry for the first time – 43%, an 8 point increase over last year.

They seek food assistance for many reasons: a layoff or reduction in hours, rising rents, illness, work injury, psychological problems, or a single parent with little support for babies and young children.

Children are most often the victims of this crisis.

More of them are children.

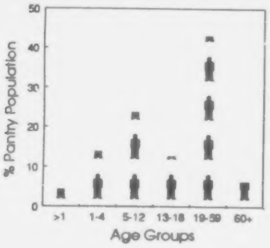
- Children under age 18 represent over half (51%) of the people served – a 3 point increase over last year (see graph).
- Two thirds of the households have children under 18 and of those, over half have children under age 5 (see graph). Will this generation grow up thinking it is normal to get groceries from a pantry?

Many of them are employed.

- Employed adults live in one in three households served.

Where else can they turn?

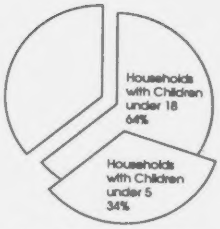
In the first year of our survey work we documented widespread under-involvement of pantry users in federal food programs. This year we set out to document that under-enrollment in greater detail. While our data does not directly link pantry use to poverty level and therefore program eligibility, we know that many are at the pantry for the first time and that they are expressing a very real need by being there. Many, as we see, receive help only from the pantry.



In examining the remaining data, we find we must look at two factors at once: population (babies, single parent, working adult, etc.), and participation in government assistance programs (Food Stamps, WIC, SSI, and so forth).

Babies and Pre-Schoolers: Help from The WIC Program - Or From the Pantry?

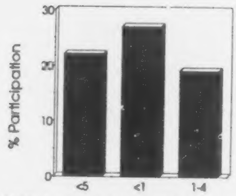
Study after study confirms the effect of undernutrition on infants both before and after birth: good nutrition is crucial to good birth weight, proper growth rates, and capacity for learning. Yet WIC participation among pantry clients is below the total eligible population's rate of 46%. Unless it is a one time crisis situation, these mothers will need help again from the pantry, or from a neighbor or relative – not always reliable resources. We can intervene now, with $38 a month for a WIC package, or we can continue over a child's lifetime to pay thousands of dollars in health care and compensatory education costs.



Households with Children

- WIC participation in the pantries is 23% for households with teen mothers, 25% for pregnant women, and 13% for breast-feeding women. The formula, protein, dairy products, cereals, and nutrition education provided by WIC were not available to women who turn to pantries.
- Of the households with babies under age one, just over a quarter receive WIC. Overall, in households with children under age 5, 22% participate; if those families receive Food Stamps, the chances of their participating in WIC increase to 30% (see graph).
- Forty percent of single parents with children under age 5 receive AFDC; of those households, only 32% also receive WIC. These are households that are income eligible for WIC. Most single

Treading water is exhausting, but all pantries can do is help people stay afloat.



WIC Households With Children Under 5

parents do without help from either program.

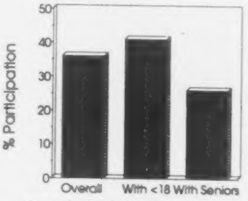
More pantries are stocking formula, but their donors at best pay wholesale, $1.695 a can (as of November 1, 1989 for 13 oz. can), while the WIC Program pays only 36 cents.

What About Food Stamps?

In 1979, the Field Foundation attributed a successful decline in chronic hunger to the expansion of federal food programs. Top on its list was the Food Stamp Program, "the best single health dollar spent by the state." But even for those who do receive Food Stamp benefits, the supplement does not last as long as it once did. For years, providers have documented an increase in people coming for help during the last week of the month: need now seems to rise rapidly during the third week.

- Food Stamp participation among pantry clients stands exactly the same as last year: 36% (see graph).
- Young families with children under age 5 have the best participation in Food Stamps, 44%. For those with older children, up to 18 – participation drops slightly to 41%.
- One half of single parent families receive Food Stamps, while fewer than a third of families with two or more adults do.
- For working households, less than 1 in 4 receive Food Stamps. Participation is dismal for both the employed family with two or more adults (23%), and the employed single parent family (27%).
- One quarter (26%) of the households with senior citizens receive Food Stamps. Many do not participate because Social Security income qualifies them only for the minimum $10.00 benefit. Transportation is a barrier as well.
- Only a third of households visiting the pantry for the first time receive Food Stamps. The pantries usually refer families to the program. This is evident by the 48% of repeat clients who are using Food Stamps.

Barriers to the Food Stamp Program remain for thousands of Maryland families who get help from pantries. A portion of these households have applied for Food Stamps and are waiting while the Local Department of Social Services (LDSS) determines eligibility. Pantries often give food and financial assistance to people during the LDSS waiting period, and for many after they have been found ineligible, or have been awarded minimal benefits. The increasing number of LDSS referrals alone is stretching the resources of pantries just at the time that donations to Food Banks are going down. Food industry donations to Second Harvest, the national network of Food Banks plummeted 16% in 1989. Private



Households Using Food Stamps

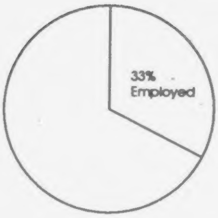
sector food drives try to fill the gap and keep the pantries stocked.

While making sure those who are eligible are served, we must not forget those who do not apply at all. Food Stamp Outreach, a renewed concern of the state in response to the release of our 1988 data, is critical. The people newest to economic and food crises have little idea how the system works; often they do not consider themselves eligible, or keep away because of pride. The growing population of employed persons in need of food assistance requires special outreach, as do the illiterate and undereducated persons who are intimidated by paperwork.

Breaking the Stereotype

Say "hungry people" and easy images come to mind: a single mother with ten kids, a deinstitutionalized and homeless single adult – all on "welfare." The reality of our pantry clients is quite different.

- Of the households with children, nearly half (44%) contain two adults; 51%, one adult.
- Only thirty-five percent of single parents receive AFDC.
- Of the households with children between the ages of 5-12, only one third receive reduced-price or free School Lunch or Breakfast. Participation in working households is lower at 29%.
- Less than one in four (23%) households is a person living alone; and 27% of the single person households receive GPA.



Households with Employment

Seniors: In Quiet Need

The proportion of senior citizens requesting pantry assistance went down, from 10% last year to 7%. However, the information we have on those who did come demands attention.

- More than half (52%) of the households with seniors are senior-only households. A surprisingly large number – one in four – of the households with a senior received SSI, which is for people with disabilities or those elderly who are ineligible for Social Security.
- Less than half of the households with seniors receiving SSI (43%) also receive Food Stamps.
- Overall, 13% of the total households have an SSI recipient.

At the time of their visits to the pantries, the 11,070 households served were receiving little public assistance. The "safety net" was insufficient or nonexistent for the family. Economic development, job training, or a vastly improved education system are of limited value to chronically undernourished generations unable to grow to their physical or intellectual capacity. And unless we assure good nutrition for all, we will never be able to curb rising health care costs. With the difficulty in accessing programs – either receiving benefits at all or in a way that actually helps people to begin to provide for themselves – people in poverty can currently only tread water. Treading water is exhausting, but all pantries can do is help people stay afloat. We must ensure food security.

REGION ONE - THE LOWER EASTERN SHORE

Anne came for financial assistance for prescriptions and food. She is married with four children. Her husband has a part-time roofing job, bringing home about $640.00 a month. They receive $225.00 a month in food stamps. Their mortgage is $177, electric $70, gas $50, and they spend $200 after food stamps on food. Car insurance is $61. That leaves $82 for the rest of the family's needs. School just started; a few kids were found with head lice, and now all students are required to have a special prescription shampoo that costs $12.00 a bottle. She doesn't have the money.

–Salvation Army, Salisbury

The student intern working this particular day sees a lot of fear in the people she assists. "You think people get fearful over losing their homes, well you really see the fear in their eyes when they're hungry," she says.

The Lower Eastern Shore: many Marylanders think of it mainly as a vacation spot, or perhaps a source of fresh produce and seafood. But when the State of Maryland issued its rankings of socioeconomic need and health risk, it placed Dorchester, Somerset, Wicomico and Worcester Counties at the top of the list, (2, 3, 6 & 7 respectively).

The sample of households served by 13 pantries in these four counties includes 729 households, for a total of 1,855 people. There are more than 30 additional pantries serving regularly in these counties, and many more Brown Bag Clubs (groups of low-income people who join together to buy food at lower cost). Each month, these pantries and clubs serve thousands of Marylanders.

FACTS ON PANTRY CLIENTS:

- The average family size is 2.7, the state's smallest.

Many are new to seeking help

- First time at the pantry: 55%. That is a 30-point increase over last year.

They are children

- Over half (52%) of the households have children under 18, with 55% of those households having children under age 5 (see graphs). These are young families.
- Many (43%) of the families with children under 18 have more than one adult. As with the overall state, half (51%) are headed by one adult.

And their parents work

- Employed adults live in 45% of the households – the state high. Nearly twice as many people work part-time (22%) as full time (12%) which is exactly opposite

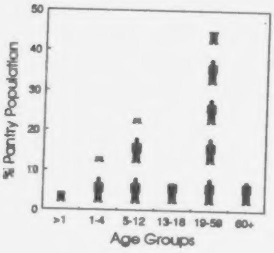
> ***"You think people get fearful over losing their homes...you really see the fear in their eyes when they're hungry."***

of the statewide ratio.

These numbers alone make the lower Eastern Shore very unique. It is clear that young working families are newest to poverty and food assistance.

Others are seniors...

- For the second year, the Lower Shore has the highest percentage of seniors coming to the pantry – 9%. However, that is half of last year's 18% – a significant drop.
- Most of the households with seniors – 66% – do not receive Food Stamps.
- More than half (56%) of households with seniors are seniors only.
- Of the households with seniors, one in five receive SSI. Most of these seniors live with their families; only 16% of those on SSI are in senior-only households.



- However, of that small percentage – seniors on SSI living without other family members – only 40% receive Food Stamps. The rest try to get by without them, and end up in line at the pantry.

...or live alone

- More pantry clients live alone (36%) on the Lower Shore than elsewhere in the state. Of those, only 2% receive General Public Assistance (GPA) – a low for the state.

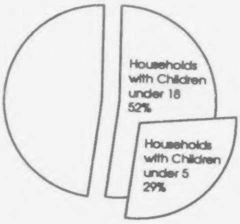
Infants and Toddlers - Nutrition from pantries or WIC?

As compared with pantry clients elsewhere in the state, a relatively high proportion of those seeking assistance on the Lower Shore are on the WIC Program. But this is only relative: the majority of mothers, even those on Aid to Families with Dependent Children (AFDC) – categorically income eligible for the program – are not receiving WIC assistance.

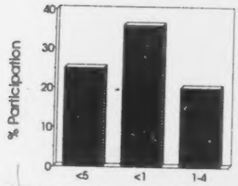
- Among teen mothers, pregnant women, and breastfeeding women, WIC participation is low at 13%, 14%, and 17% respectively.
- While there is no male-female breakdown of the teen population, 11% of the teenagers are teen mothers – a state high and indicating a special need for WIC.
- In the households with babies under age one, only 36% receive WIC; once the infants pass their first birthday (but before age five), even fewer receive WIC foods (see graph).
- Of the single parent households with children under 5 receiving AFDC, fewer than half (49%) received WIC.

Are Families Getting Their Food Stamps?

- Good news – Food Stamp participation overall is up substantially. Last year it was only 27%; now,



Households with Children

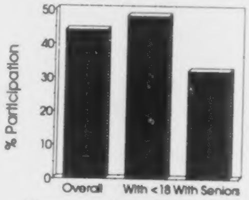


WIC Households With Children Under 5

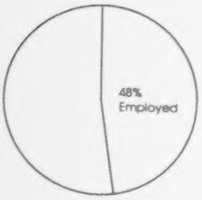
44% have access to "the nation's single best-spent health dollar."

- About half of the families with children (49%) receive Food Stamps (see graph).
- Employed families at the shore's pantries have the state's highest Food Stamp participation – 55%. On the one hand, this says a lot for the Food Stamp program and who it serves – on the other, it raises a question about the adequacy of the size of the Food Stamp benefit and about how many of these people are trying to survive on part-time work. Certainly the area is in need of more full time employment and higher wages. We all were brought up to believe that a job would enable us to support ourselves – certainly to put food on the table.
- More than half of the first-time pantry clients already receive Food Stamps. This is 18 points above the state average; again, the frequency of part-time work and low Food Stamp benefits play a role here.
- Of households with children under age 5, 56% receive Food Stamps. The remaining 44% try to get by without.

While Food Stamp participation on the Lower Shore appears greatly improved over last year's findings, we must keep in mind that these records were kept between April and July – when employment is high on the Eastern Shore. Yes, there are jobs on the Shore – mostly part time and seasonal work. Even with Food Stamps, these families still find themselves needing food from a pantry.



Households Using Food Stamps



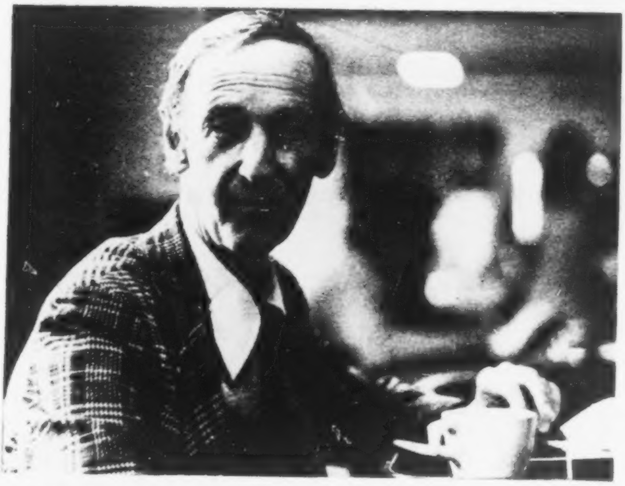
Households with Employment

Other Benefits Not Received

- Just over one in three families with children under 18 receives AFDC (36%).
- Only 24% of the households with children 5-12 receive free or reduced-price School Lunch or Breakfast.

The pantries here – as everywhere in Maryland – just had their busiest summer ever; they are concerned whether they can keep up with the need. Recent plant closings suggest the need will increase and that solutions other than new pantries must be found.

REGION TWO - THE UPPER EASTERN SHORE



Jim, a carpenter, is 35, married, with three children aged 4 to 14. For two years, Jim worked for a good-sized construction company, until a serious car accident two months ago. Just this week, the OK finally came from his doctor: it was all right to return to work. But the company says there is just not enough work right now to bring him back. When he comes to the pantry he says, "I'm embarrassed to be here right now. I've never needed help like this before but until I can find work and get a paycheck, I've got to do something for my family. I've been trying to get the doctor's release and now that I've finally got it, my job's gone."

–Cecil County Pantry

This year's sample of pantries and households is similar to last year's; the increased detail this year makes the picture of pantry clients in Cecil, Kent, Queen Anne's, Caroline, and Talbot Counties much sharper.

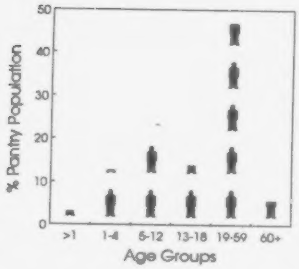
In a two month period, 1,158 people from 397 households were surveyed by nine of the area's 25 pantries. These people are only a sample of the people seeking food assistance – either from pantries or from Food Banks through Brown Bag Clubs, (groups of low-income people who join together to buy food at low cost). These five counties have some of the highest socio-economic need and health risk rankings in the state.

It is also important to note that in Kent and Queen Anne's Counties, established pantries offering regular service are not yet in existence. What assistance is available is limited and irregular: consequently, pantries in Cecil and Caroline County find themselves serving people from the neighboring counties.

CHILDREN, WORKING FAMILIES – NEW TO FOOD CRISIS

A look at the population data confirms our initial impression: there is no typical pantry client. Rather, the diversity of the need is clear, with particular attention paid to the number of working poor families coming to the pantries.

> ***"There's a growing population here that can't wait for their salary to go up, the workman's compensation to come through, or the public assistance to be liveable..."***

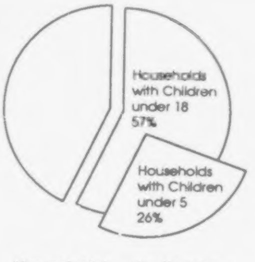


- As on the Lower Shore, more households are at the pantry for the first time – 51%, a 13 point increase over last year.
- 57% of all households have at least one child under age 18 and nearly half of those families have children under age 5 (see graph).
- 22% of the adults are employed full time. That is the highest in the state. Combining full-time and part-time employment, 44% of the households have an employed adult. When so many full-time workers still have to seek private food assistance, the conclusion is clear: they are not earning a living wage.
- Interestingly, there are more two adult families (52%) than single parent families (43%). The Upper Shore also has the highest rate of employment of any region: 60% for two-adult families.
- Just over one in four single parent families receive AFDC (27%).
- Most families with children between 5-12 do not receive reduced price or free School Lunch or Breakfast (34%).

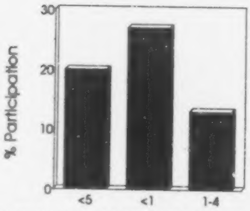
Limited WIC for Infants and Toddlers

The WIC Program is not well utilized on the Upper Shore: the percentage of households with babies receiving WIC is far behind the already low rates for the state as a whole.

- In households with babies under one, just over a quarter receive WIC (27%). This percentage is cut in half once the baby reaches the first birthday: only 13% of the households with kids age 1-4 receive WIC (see graph).



Households with Children



WIC Households With Children Under 5

- Among the single adult households with children under age 5, who are receiving AFDC and are therefore automatically income eligible for WIC – only 22% receive WIC benefits. That is 10 points below the state average.

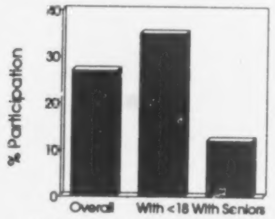
These counties are a drive through for many Marylanders on their way to the beach. It is difficult to envision the farmlands and small towns as home to undernourished babies, yet many families here are turning to pantries. Hunger amid farmland is an ironic and growing reality.

Families and Food Stamps

Here the figures speak for themselves: across the board, Food Stamps are not used by many low-income people on the Upper Shore.

In a region with serious economic and health rankings, such low Food Stamp participation is especially troubling.

- Food Stamp participation is the same as last year, 27%, again below the state's average for pantry clients (see graph).
- Single parent households are twice as likely to receive Food Stamps (52%) as families with 2 or more adults (23% – below the state average). This holds true for those households in which adults work full or part time – employed single parents are twice as likely to receive Food Stamps (35%) as employed two adult families (17%). Two parent or two adult families may assume that they are not eligible, when in fact many are. On the Upper Shore, this group requires special outreach.



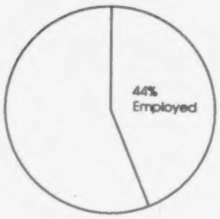
Households Using Food Stamps

- In households with seniors, only 12% receive Food Stamps, a low for the state. Often the low benefit amount, pride, or lack of transportation will keep senior citizens from utilizing this additional assistance. Something must be done to increase this group's participation: it is their right.
- For first time pantry clients, only one in four receives Food Stamps, 9 points below the average.

Many receive SSI

- Individuals live alone in 25% of the households served. Seniors live alone in 12% of the households served.
- More than a quarter of the households with seniors have an SSI check coming in; overall, 13% of the client households have an SSI recipient.
- Fewer than one-third (29%) of senior-only households that receive SSI also receive Food Stamps. That is a substantial gap for a very vulnerable population.

Intact working families, SSI recipients, people alone, seniors, and children are affected and assisted by pantries on the Upper Shore.



Households with Employment

At St. Martin's Barn, the effort to form Brown Bag Clubs, to offer more stable and self-help food supplements is growing rapidly. Sr. Eileen says that the increase in Brown Bag Clubs is still only scratching the surface.

"There's a growing population here that can't wait for their salary to go up, the workman's compensation to come through, or the public assistance to be liveable. Their families need supplemental help with food because the other financial demands and bills must be met and the price of food is not going down."

REGION THREE - SOUTHERN MARYLAND

"People think it's so much cheaper to live out here in the country, but that's just not as true today, and unless you're commuting down here from Washington, your salary is limited."

"The rules always seem hardest on poor people; getting loans, restrictions on where you can put your trailer, and in general meeting basic needs like food and shelter are big challenges. It's hard to get ahead or think ahead when the basics aren't met."

–St. Mary's County
Associated Catholic Charities

Southern Maryland: neighbors caring for each other, a quieter life, a lifestyle governed by water. Tobacco farms sit side by side with shopping centers and suburban developments. This year's focus on pantries in Charles, Calvert, and St. Mary's Counties comes from a smaller sample than last year, but offers more detail. Eight pantries took household data from 671 households and 2,193 people over a two month period. There are approximately 25 pantries in this region, and thousands more people are served by these groups.

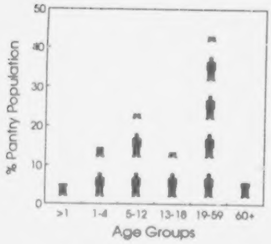
WHO COMES TO THESE PANTRIES?

- While pantry use is growing throughout the state, Southern Maryland has the state's highest repeat use (69%). This data indicates a tremendous need for supplemental assistance.

So many children

- Nearly three quarters of the households coming for assistance (74%) have children under 18. Over half these families have children under age 5 (55% – see graph).
- Employed adults are present in more than one in four households.

> ***"Choosing which bills to pay is up to the spin of the lazy susan."***



Young families are subject to chronic economic difficulties here. Employment is down from last year, and the overall number of children under 18 is up 5%. Families displaced by new real estate developments are having trouble, and the traditional lifestyle of Southern Maryland is changing. Transportation is a growing problem. And as a woman at Catholic Charities said here, "choosing which bills to pay is up to the spin of the lazy susan."

Families in need of support

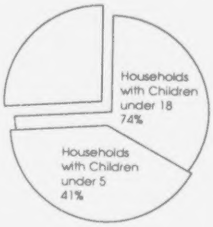
- Fully half of all households with children have two or more adults.
- In the households with children 5-12, 37% receive reduced price or free School Lunch or Breakfast – above the state average, though still low for families in such self-evident need.
- Nearly two-thirds of single parent households do not receive AFDC.
- While the vast majority of households served consists of families, 15% are people living alone, a vulnerable group.

Seniors just getting by

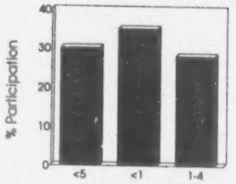
- Over half of households with seniors are seniors only (55%). Of those, 40% receive SSI. Five percent receive meals through Elderly Nutrition.

Infants and Small Children - Help from WIC?

Some of our figures on WIC are encouraging; however, the high repeat use indicates a serious need on the part of hundreds more women, infants and children for the nutritional supplements and education offered by WIC.



Households with Children



WIC Households With Children Under 5

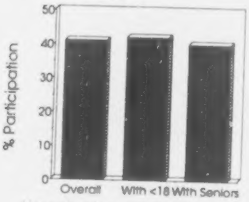
- For teen mothers and pregnant women, the news on WIC participation is good: 75% and 59% respectively, the highest in the state. However, once the babies are born the situation changes: for households with babies under one, only a third receive WIC, and for households with children 1-4, 28% receive WIC (see graph).
- In AFDC households with children under age five – all of whom are income-eligible for WIC – only a little under half receive WIC. This also holds true for single parent households with children under age five. For all households with children under age 5, WIC participation is 30%.

The Food Stamp picture in Southern Maryland reveals a program that is simply not addressing the needs it was created to meet.

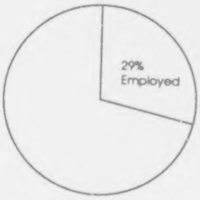
Food Stamps Not Meeting the Need

The Food Stamp picture in Southern Maryland reveals a program that is simply not addressing the needs it was created to meet.

- Food Stamp participation is down slightly from last year, 45 to 41% (see graph).
- Of employed households, only one in four receives Food Stamps. As the number of working poor grows, so do the lines at the pantries.
- Fewer than half of all single parents receive Food Stamps (47%). Of those that are working, only one in five receives Food Stamps.
- The situation deteriorates further when there are two adults in the family: a little over a third receive Food Stamps (38%). Of those that are working, 30% receive Food Stamps (above the state average).



Households Using Food Stamps



Households with Employment

- Households with seniors have better access: 40% receive food stamps, the state high.
- Less than a third (29%) of first-time clients receive food stamps; more puzzling, fewer than half the repeat clients (46%) receive them.
- Of senior only households receiving SSI, half do not receive Food Stamps.

The need in Southern Maryland is clear: more pantry clients in chronic need, more families with children than in the rest of the state. Yet when families need a supplement to the food budget, most often it is a food pantry and not Food Stamps.

Alice comes fairly regularly to the pantry. Her husband fell six stories on a construction site five years ago. He was completely paralyzed at first but now can walk a little bit. He hasn't been able to claim SSI benefits yet. Much red tape remains, but his wife said she won't give up. "I can't give up," she said. The youngest of their children has a heart murmur. "We make it, but just barely, and sometimes we need help - and the people here - they listen."

REGION FOUR - CENTRAL MARYLAND

Each person is so different...A woman in her fifties is recovering from her third kidney operation; a teacher's aide, registered with a temporary agency, awaits the results of a government exam; a 41-year-old disabled veteran supplements his VA benefits with part-time work as a handyman; a 25-year-old carpenter, unemployed since he was hurt on the job, waiting for workman's compensation to come through, depends on help from his sister; a 38 year old lab assistant, on leave from work since the birth of her baby three months ago, is looking for affordable day care; and a single mother of two, just starting nursing school, is waiting to hear whether AFDC comes through or whether she'll have to quit school and go back to her cashier's job.

-Liberty Assistance Center,
Baltimore County

The Central Maryland counties - Baltimore, Anne Arundel, Harford, Carroll, and Howard, symbolize the growth that has made Maryland the fifth wealthiest state in the nation. Especially in relation to the previous three regions, their economic health is undeniable. Yet the information from the 18 pantries in this survey shows a large population falling through the cracks and struggling just to get by.

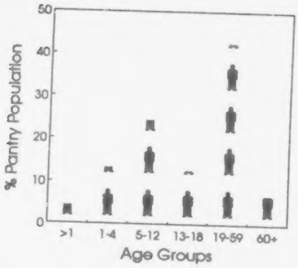
- More people are turning to pantries for food for the first time than in any region in the state (68%). That is a 24 point increase over last year.

For a two-month period, 18 pantries kept detailed records for this study, and served 1,175 households for a total of 3,646 people. From the examples above and the numbers presented below, it is clear that people in need of food assistance in these counties cover a wide spectrum.

What is clearest about hungry people in Central Maryland is that many are new to the situation and do not receive government assistance that can bridge the gap to a brighter future. As we see below, neither WIC nor the Food Stamp Program - both proven effective in curbing chronic hunger - are reaching either first-time or repeat pantry clients.

Working Families and Seniors

- Adults are working in nearly one in three households - but that number is down sharply, from 31% to 24%.
- Nearly two thirds (66%) of the



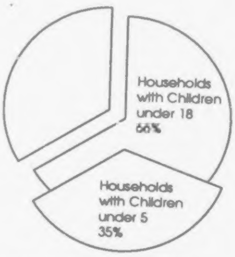
households are families with children under age 18; over half of those (53%) have children under 5. The overall population of children served is up 4 points from last year (see graph).

- Over three-quarters of those coming to the pantries are not receiving Food Stamps. This is the lowest participation rate in the state.
- Unlike the state overall, Central Maryland saw a slight increase in seniors coming to pantries: seniors live in 14% of all households served.
- Most of these (59%) are senior-only households: 19% of them receive SSI. – 2% receive assistance through Meals on Wheels or Eating Together.
- Among the 22% of households with a person living alone, only 5% are GPA recipients.

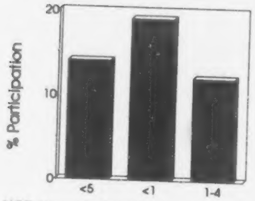
Not much WIC for these infants and pre-schoolers

Such a wealthy region, such access to urban areas – Central Maryland's future needs healthy adults! Yet the region's most vulnerable infants are denied a better chance at joining in that future by lack of access to one of the most successful assistance programs in the country.

- First the good news: For teen moms, pregnant women, and breastfeeding women, WIC participation is above average, at a still-low 36%, 30%, and 25% respectively.
- Only 14% of households with children under age 5 are on WIC.



Households with Children



WIC Households With Children Under 5

For households with babies under age one, participation is 19%; if the children are age 1-4, participation is 12%, also the state low. The older the child, the less likely that the family will receive WIC (see graph).

- When we come to single adult households with children under age five who are receiving AFDC and who are income eligible for WIC, WIC participation is the lowest in the state – 17%.

In a wealthy region of Maryland, these numbers speak to a tremendous need to help women access WIC for their babies and children. They need a dependable source of nutrition.

And not many Food Stamps for families

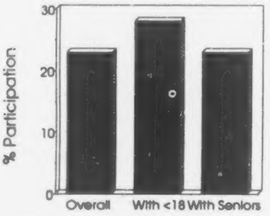
Food Stamp participation in this region, the worst in the state

With more and more people experiencing a food crisis for the first time, the need for information and outreach about government assistance is graphically clear.

among those who access pantries, resembles that of another affluent region, the Washington, D.C. metro area (see the next section). In Central Maryland, this may be partly due to the high first-time usage. These are people new to poverty, new to hunger; they may not even know to go to their local Department of Social Services (LDSS).

- Only 23% of the households going to these pantries receive Food Stamps (see graph).
- This region contains the fewest single parent households receiving Food Stamps – one third. Two-adult households with children are further out of the picture, one fifth receiving Food Stamps (21%). Most are not receiving this supplement.

Of those same households that are employed, 21% of single-parent households receive Food Stamps, even fewer than the two adult households – 26%.



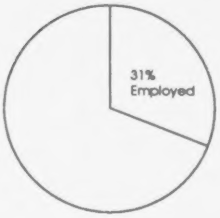
Households Using Food Stamps

Look at how low the participation is...

- Of those coming for assistance for the first time only one in five (19%) receives Food Stamp benefits.
- In households with children under age 5, only one-quarter receives the supplement. Instead, the food supplement for these young families is more often the pantry.
- Less than a quarter of the households with seniors (23%) participate in the Food Stamp program.
- Of senior-only households receiving disability income (SSI), 57% do not receive Food Stamps.

More on kids and their parents

- After Baltimore City, this region has the highest percentage of single parent families (58%). Only 37% of households with children under age 18 have two adults (the remainder are seniors or teen moms).
- Of single parent households, only one in five receive AFDC (19%).



Households with Employment

- 14% of households with children aged 5-12 receive reduced-price or free School Lunch or Breakfast, again a low for the state.

With more and more people experiencing a food crisis for the first time, the need for information and outreach about government assistance is graphically clear. Often in a wealthy area such as this, the stigma of participation keeps people away. Churches, grocery stores, neighbors, community papers, and the LDSS must work to help everyone understand that government assistance exists for ordinary people in hard times.

REGION FIVE - THE WASHINGTON, D.C. METRO AREA

The cost of living here is hard on everyone, but people on low wages who can't afford to commute from less expensive areas are having an awful time. I talk to people who would never consider themselves eligible for public assistance, but when I urge them to try and maybe help get them started, it turns out they are eligible. The ones who aren't might be eventually – they're right on the borderline. They don't earn enough to save or enough to get ahead. Usually they're falling behind."

–Montgomery County Pantry Operator

In the shadow of our nation's capital – Prince George's, Montgomery, and Frederick counties – more people than ever turn to food pantries for help. Of the region's nearly 60 providers, fifteen pantries (one more than last year) participated in the survey. The number of people served was more than 2,000 greater than last year's figure. Over two months the pantries served 2,277 households – 7,900 people. This is only a sample of all the people helped by private food assistance; for many of these groups, keeping up with the demand is nearly impossible.

HERE IS WHAT IS HAPPENING:

- Pantries are becoming a regular supplement to the family food budget, and more and more families are depending on them. The number of households visiting on a repeat basis is up 12 points over last year, to 66%. It is no longer one-time emergencies or temporary layoffs that the providers are seeing, but an ongoing need for assistance.
- More than two of every three households served contains at least one child (68%); of those, over half (57%) have children under five (see graph).
- Employment among adults increased 26% to 31% in the past year.

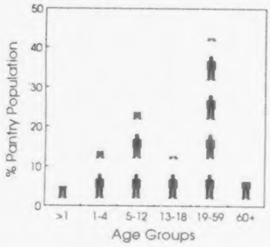
Mothers are choosing foods for their infants from what is in stock in a church basement.

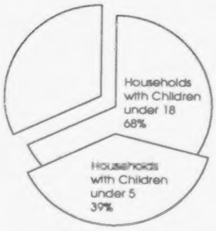
Kids and families

- 47% of households are headed by two adults.
- Only one in five of the single-parent households are on AFDC.
- Only 37% of the households with school-age (5-12) children receive reduced-price or free School Meals. School food service officials know this is often the only nutritious meal low-income children receive; it is no wonder that without it, their parents turn to pantries.

Seniors

- Of households with seniors, most include younger family members; 34% are senior-only, below the average.
- SSI is received by 16% of all households with seniors, and by 18% of senior-only households.





Households with Children

- Individuals live alone in 18% of the households. One in five of them receive GPA.

WIC for our babies?

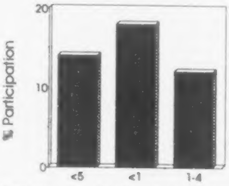
Like Central Maryland, this affluent region is low on WIC participation. Mothers are choosing foods for their infants from what is in stock in a church basement. Babies are missing out on an optimal start in life.

- For teen moms, pregnant women, and breastfeeding women, WIC participation is 18%, 10%, and 8% respectively.
- In households with children under age five, only 14% receive WIC. Infants under age one fare a little better (18%) than children aged 1-4 (12% (see graph).
- Of single parent households with children under age 5 who are struggling to get by on an AFDC check, nearly three-quarters (73%) are without WIC assistance, despite being income eligible.

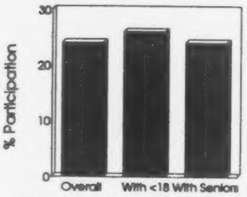
The facts are clear: these mothers and babies are showing up in line at pantries. Most of them are not getting the nutrition information and nutritious foods provided by the WIC Program. We will see the consequences when these babies require costly medical treatment or are slower in school than other children.

Food Stamps – too few families

As in Central Maryland, Food Stamps are simply not a regular source of assistance for low-income families in this region.



WIC Households With Children Under 5



Households Using Food Stamps

Most pantry clients do not receive this benefit.

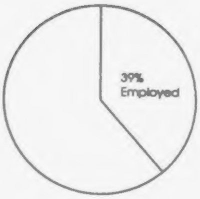
- Over three-quarters of the households (76%) are without Food Stamps – the highest non-participation level in the state.
- For households with children under age 18, only one in four receives Food Stamps (26%), 15% below the average. Participation creeps up to 29% for those with children under age 5 (see graph).
- As for families with children, their participation in Food Stamps is also the lowest in the state – both for single parents and two adult households with children. Of those that are working, participation is 19% and 13% respectively.

... and too few seniors

- Only 24% of households with seniors receive Food Stamps.
- In senior-only households that receive a disability check (SSI), we still find nearly half (48%) without Food Stamps.

The number of people facing a food crisis is growing: they need to be reached by their Local Departments of Social Services (LDSS).

There are regions with greater poverty levels, worse health risk, and worse economic conditions. The Washington, D.C. Metro area is the one that most often turns its glittering face to the nation. Beneath that surface is a growing population not getting enough to eat – and not going away.



Households with Employment

REGION SIX - WESTERN MARYLAND

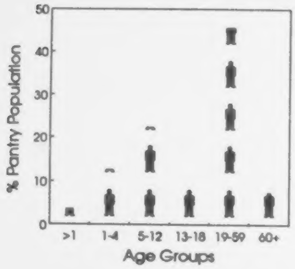
Drew, 25, works part time on a construction site, earning $170 a week while he waits for the job to grow into full time. Instead, he is laid off. He rents a room from a friend who works as a janitor; to get the heat turned on for the winter, Drew spent the little bit of savings he had. He has no car and no phone, which makes looking for a new job tough.

Janet has a little boy, age three, and a five-year-old daughter. Her husband left two weeks ago, leaving her in their trailer with the kids and no access to the checking account, which is in her husband's name. Janet used to work in a local convenience store, but for the past few years her husband's income enabled her to stay home and care for the family. She has applied for AFDC and Food Stamps, but right now she is at a pantry getting some groceries.

--Washington County

In this rugged part of the state, many people's roots go back generations. The work ethic is strong here, and so is the sense of responsibility to care for neighbors. The food distribution system between Garrett, Allegany, and Washington Counties is well coordinated. There are approximately 35 food banks and food pantries in the region. Nine took part in this year's more detailed study (three fewer than last year) and in a two month period served 1,231 households for a total of 3,561 people, about 500 more than last year.

- Repeat use is up: 68% of the households returned for help, a 12% increase since last year. A monthly visit to a pantry is becoming routine for many low-income families – in a region where people pride themselves on their independence.
- In Western Maryland, small, young families are in trouble.



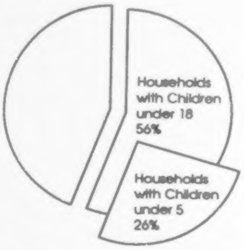
Over half (56%) of all households have children under age 18, and nearly half of those have children under age 5 (see graph). While the actual percentage of children at the pantries is a state low of 44%, this may be due to the small family size: the number of children per household averages 2.3, also a state low. In addition, nearly sixty percent of the households includes two or more adults – and they still have to come for help.

- Seniors are present in one in five households (22%), a state high. This is a significant increase over last year.
- Adults are employed in 42% of the households.
- One in five households with seniors receives SSI.
- People live alone in 27% of the households served by pantries.

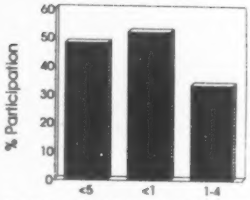
Western Maryland presents a stark picture, made sharper by just how efficiently the pantries in Western Maryland are reaching all sectors of the low-income population. Families come again and again for help – and the bandage, a 3-day supply of food, will not stop the bleeding.

WIC for babies

Overall, the Western Maryland pantry population is more likely than any other area in the state to receive WIC. However, the cheer offered by those figures is only relative: they still leave a substantial group of families with young children and babies who have only the pantries to turn to for help.



Households with Children



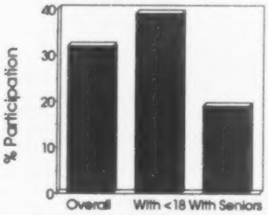
WIC Households With Children Under 5

- Western Maryland has the state's highest participation of pantry clients on WIC. Of households with children under age 5, 48% receive WIC.
- For teen moms, pregnant women and breastfeeding women, WIC participation is, respectively, 22%, 48%, and 33%.
- In households with babies under age one, 52% receive WIC. As elsewhere, this falls once babies are born, to 33% for households with children age 1-4 (still a state high). (See graph)
- A little over half (54%) of that vulnerable group – single parent AFDC households with babies under age 5 – receive WIC. While this is above average, it still leaves many income eligible families without the resources of a key nutrition program.

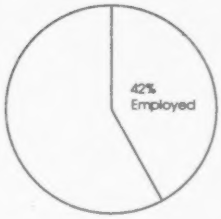
Transportation is a big obstacle in Western Maryland, as is the matter of pride.

One in three households receives Food Stamps

- Over half of one-parent families do receive Food Stamps – and yet still find themselves needing to turn to the pantry. Two-adult households with children are much less likely to be helped by the program; less than one-third (31%) access it.
- One in four employed single parents receive Food Stamps (26%), while in one in five employed two adult households (22%) benefits.
- As elsewhere, in the households with babies under age five, Food Stamp participation is 46% – that still means that more than half of those households who count on pantries to help feed their infants are without help from this important program.



Households Using Food Stamps



Households with Employment

- Seniors have little or no access. Of all households with seniors, only 19% receive Food Stamps. In that special group of senior-only households that receive SSI, it is still less than one-third (29%).

While there is much room for improvement for Food Stamp participation in families with children, the lot of seniors and the disabled requires particular concern and action. Transportation is a big obstacle in Western Maryland, as is the matter of pride.

What other families go to pantries?

- Just over half of the single parent families receive AFDC (53%), a state high. The remainder, while they survive without it, are not self-sufficient – not so long as they need to come to the pantry.
- Only 27% of families with children age 5-12 receive reduced price or free School Lunch or Breakfast.

Alternative programs like Brown Bag Clubs and S.H.I.P (Self Help In Partnership) reach thousands of families in the region and continue to grow. In spite of these self-sufficiency programs and higher than state average participation in federal food programs, the demand for private assistance points to a need unmet by society at large.

REGION SEVEN - BALTIMORE CITY

John had a wife and two children, and earned $30,000 a year working as a guard at the Maryland State Penitentiary. That was until four years ago, when he was stabbed by an inmate. Since then John has suffered physical and mental problems; although he draws an early disability pension of $13,000, he hasn't had any luck with job training programs or the jobs he's tried. His wife left with the kids, and now he can't keep up with the child support. An eviction notice in hand and an empty stomach bring him to a pantry. He is almost on the street.

–Pantry Volunteer

Here in Baltimore City, the casualties of poverty and hunger are staggering, the manifestations numerous: hopelessness, crime, teen pregnancy, drug addiction, suicide.

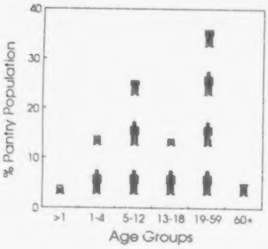
There are nearly 200 pantries working to meet the need here in the City – countless volunteers making a difference. This year 24 pantries, keeping detailed records on the people they served over two months, served 1,596 households for a total of 5,190 people. Added to the numbers served by the Emergency Environmental Services Unit of Baltimore City DSS, 11,423 people were given food. And yet this number is only a sample of all those served by the city's pantries.

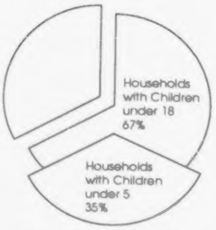
The numbers here are bleak.

- More are coming for the first time: 42%, an 8 point increase since last year. These are people that never before thought they would need assistance with food.
- More children are hungry. The percentage of children under age 18 rose dramatically from 45% to 57%. Over two thirds of all households served have children (67% – see graph).

More people fell victim this year to poverty and hunger in Baltimore City.

- Only four out of ten single parent families receive AFDC (42%).
- Few pantry clients in the City are adults between age 19-59 – 37%, the lowest in the state. The implications of this are twofold: it breaks the stereotype of the single adult recipient, but it means that a frightening number of children are left with limited adult support.
- The city has the most children per family, a still-small family size of 2.8.
- The employment picture remains dark: among adults 19-59, 86% are not working, about the same as a year ago.
- One piece of good news – the percentage of seniors requiring pantry assistance decreased by over half, from 12% to 5%. But still, one in ten households includes a senior (11%).
- In households with seniors, 39% receive SSI.
- People live alone in 24% of the households. Of those 31% receive GPA, a state high.





Households with Children

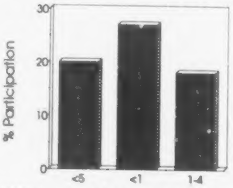
Here in Baltimore City, pantries wage a battle against poverty and hunger but cannot sustain a war: poverty and hunger are growing and winning.

Babies and toddlers - On WIC?

Baltimore aspires to be "The City That Reads" yet thousands of youngsters do not receive the nutritional help they need for optimal physical or intellectual growth.

- Only two out of ten households with children under age 5 have access to WIC assistance. The best access is for households with babies under age 1, 27% of which receive WIC. In households with children age 1-4, it is 18% (see graph).
- In households with teen moms, pregnant women, and breast-feeding women, WIC participation is respectively 20%, 23%, and 17%.
- What of single parent AFDC households with children under age 5? Only one-quarter receive the WIC assistance for which they are income eligible.

With concerted effort, the City WIC Program is working to do better by the overall eligible population – but among pantry clients, WIC is not helping much.

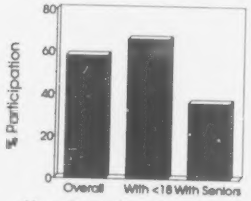


WIC Households With Children Under 5

Food Stamps in the City

Compared with other regions of the state, Food Stamp participation is relatively high in Baltimore City. However, the high costs of food, housing and transportation mean that Food Stamps cover, on average, only 2 1/2 weeks of food costs, with pantries left to supply the balance.

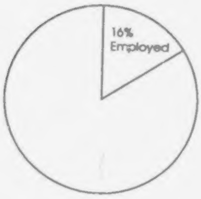
- For all households served, Food Stamp participation is 58%, up 6% from last year (see graph).
- Over half of first time clients (53%) are on the program, a state high. 62% of repeat clients are also receiving Food Stamps, and find that the supplement does not get them through the month.



Households Using Food Stamps

What about families with children?

- Some encouraging news: nearly three of every four single parent households receive Food Stamps (72%).
- In households with two adults and children, over half are on the Food Stamp program, a state high (52%).
- In the City, most employed single parents receive Food Stamps – 52%, a state high.
- In households with children under age five, a reassuring 70% receive Food Stamps.
- In the employed household with with two adults and children, Food Stamp participation is 38%. Many of the remainder likely hover just above eligibility, yet still cannot keep food on the table.
- Seniors are in trouble. In households with seniors, only 36% receive Food Stamps. Compared to other levels in the City, senior households most often go without.
- In households with seniors that receive SSI, only half receive Food Stamps.



Households with Employment

The concentration of poverty, an overburdened Department of Social Services, and the tremendous network of private food assistance speaks to the severity of need in Baltimore City. It is overwhelming and growing. More people fell victim this year to poverty and hunger in Baltimore City. More people sought relief from hunger at food pantries.

THE COMPLEXITIES OF POVERTY

Hunger is not a condition that exists by itself. It is a symptom of poverty. The data in this survey describes the end result of poverty: that is, insufficient cash income and a rising cost of living.

The Congressional Research Service lists 73 antipoverty programs with an aggregate 1987 federal, state and local appropriations of $159 billion. That amount represents an expenditure per low-income person (in 1987 dollars) of $4,877. In the same year, the cash income of the average low-income family fell $4,165 below the poverty threshold[8]. The programs that provide cash assistance (AFDC, SSI, GPA), as well as other programs such as public or subsidized housing or food and nutrition assistance, either don't reach all who are eligible or don't provide a substantial enough benefit to those who are reached. Therefore people living in poverty – more than half of whom are children – go hungry.

In 1985 in Maryland, 382,000 people, or almost nine percent of the state's population, were living at or below the poverty level[9]. In 1989, over one-in-five Marylanders are living at or below 185 percent of the poverty level.

According to the most current census data (1988):

- Nearly 20 percent of all American children are poor;
- Over 22 percent of children under age six live below the poverty line;
- One in every two black children under age six is poor;
- Over 12 percent of all Americans 65 and over are poor.

In 1985, three out of four poor households had three or fewer people, and more than half were headed by a woman[10]. Women, children and the elderly comprise the largest portion of those living in poverty. In 1987, 3.3 million poor single mothers headed three-fifths of all poor families with children[11].

In 1987, the typical young (under 25) single-parent household had an income of $4,859, down 36 percent (after adjusting for inflation) since 1974. In the same year, a household meeting this description that rented their home paid 81 percent of its meager income in housing costs, leaving just $77 per month for all other expenses, including food, for all members of the household[12].

For singles or childless couples in poverty, often the only public assistance is unemployment insurance benefits. Yet in 1986 just 35 percent of Maryland's unemployed were receiving unemployment benefits in an average month. This dropped to 30 percent in 1987. Maryland ranks 24th among the states on this measure. Average benefits for those receiving unemployment equaled just 37 percent of average weekly wages, signaling a sharp drop in the standard of living even for those receiving benefits[13].

Among the nation's elderly population (those aged 65 or older), 12 percent are poor and another 22 percent are near poor with incomes at or below 125 percent of the poverty level. Among the elderly, nutrition is of particular concern: senior citizens, who represent 12 percent of the population, use one-third of the hospital beds, one-fourth of total health expenditures and 60 percent of total public expenditures on health care[14]. Programs that improve food and nutrition for the elderly have a direct, long-term effect on the cost of health care services provided to this group.

In 1985, the typical low-income renter household spent 65 percent of an income of less than $5,000 on housing, while the typical low-income homeowner household with an income at the same level spent 47 percent of income on housing. About three-fifths of low-income households were renters[15]. Both groups spent far more than the Department of Housing and Urban Development (HUD) affordability standard of not more than 30%, yet the gap between the number of low-income households and the number of affordably priced public or subsidized housing units available has widened since that time.

PAULA: A CASE STUDY

Paula and her children are a composite family, representing thousands of young families struggling to get by in the State of Maryland.

In 1987, Paula is 24 years old. Her husband left her with two children and unpaid bills. With a high school diploma but no job experience, with two small children but no income, she applies to the state for help.

Six weeks after applying she receives the maximum AFDC benefit of $359 a month. She is also eligible for Food Stamps, she learns, but her AFDC income limits her Food Stamp allowance to $218 a month. These combined benefits leave Paula and her family 24% below the poverty line.

Because Paula's family is eligible for AFDC, they are also eligible for Medicaid, WIC, free school lunches and breakfasts, federal public or assisted housing and a number of education and job training programs. She has to fill out four different applications at state and local offices.

She emerges from this paper maze with health care coverage, but she must wait and re-apply for WIC benefits because her two-year-old isn't sick yet. Her six-year-old gets a free lunch five days a week at school – but his school doesn't offer a breakfast program, and breakfast cereal is expensive.

As for housing...there are thousands ahead of her on that waiting list and many of them have been on there for more than five years. With rent and utilities costing her $315 a month, she is left with the Food Stamps for food and $44 a month to cover all other expenses.

Paula goes to a food pantry as often as permitted and often walks long distances to other

pantries when her needs become more demanding than her neighborhood pantry can supply.

But Paula doesn't like being on "welfare." She is determined – and lucky – and some months later she is able to find a part-time job. With monthly earnings of $560 and deductible child care costs of $106, her adjusted monthly earnings of $454 (40% below the poverty line) make her ineligible for all AFDC benefits after her fourth month at work.

Loss of eligibility for AFDC benefits also costs her Medicaid coverage because her countable income ($454) is above the state's income limit for extended Medicaid coverage. Unless her medical expenses are high enough to cause her countable income to fall below $417 per month, she and her children will not have health care coverage. She still gets Food Stamps but the amount of her benefit is reduced as a result of her earnings. At the same time, transportation and clothing costs have increased as a result of her job.

It is 1990. Paula still stands in line at local food pantries and sends her children to a nearby soup kitchen on weekends. She waits outside.

Paula and her family are both typical and exceptional. The circumstances that put her in a position of need and the level of assistance provided by the social "safety net" are typical. What is exceptional is that they are not yet suffering from the range of social ills that routinely afflict families in poverty: alcoholism, drug abuse, spouse and child abuse, ill health, confrontations with the criminal justice system and personal tragedy. But she lives in a rough neighborhood and the odds that she and her children will succumb to one or more of these social ills is extremely high. She needs a way out.

HOUSING: EATING INTO THE FOOD BUDGET

High housing costs contribute directly to hunger among Maryland's low-income families. Rent or mortgage payments, unlike expenditures for food or clothing, cannot easily be reduced to release funds for other basic expenses. As a result, when housing costs increase in relation to a household's income, so does the likelihood that they will go without food for part of a month.

Under the standards established by the Department of Housing and Urban Development (HUD), housing is affordable if it consumes no more than 30 percent of household income. In general, housing costs for the average person not living in poverty, including mortgages, real estate taxes, property insurance, rent and utilities, account for just 15 percent of income[16].

In 1985, the typical low-income renter – a young single mother with two children – had an income of less than $5,000. She spent 65 percent of her income on rent and utilities, leaving less than $145 a month to cover all other cash expenditures – food, clothing, transportation, etc. – for the household[17].

Although public and subsidized housing programs generally charge rents equal to 30% of income, there are too few units to serve the households needing them. The Rental Housing Crisis Index indicates that in Maryland in 1985 the number of very-low income renters – those with household income below 50% of the median – exceeded the number of very-low income housing units by more than 180 percent, a shortage of almost 102,000 units[18]. In Baltimore alone, there are some 35,000 families on the waiting list for public housing, many of whom have been there since 1979[19].

Where do these families wait? In growing numbers, they are homeless. Many live with other families, sharing cramped living quarters. In 1985, some 9 percent of low-income renters lived in overcrowded conditions (more than one person per room), while almost five percent of all low-income households shared their housing unit with one or more families. An overwhelming majority of these households still pays more than 30 percent for housing[20]. As for the rest, they pay the cost of available housing out of incomes already inadequate to sustain a minimal standard of living.

With nearly two-thirds of low-income renters and nearly half of all low-income homeowners paying more than 50 percent of income for housing, and substantial numbers paying more than 70%, households must choose between shelter and food[21]. As food budgets dwindle and disappear, consumed by rent and heat, mortgages and property taxes and maintenance, the result is hunger.

DEFINITIONS OF KEY TERMS

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) - is a federal entitlement program to provide cash assistance to families with children under 18. The value of AFDC benefits are determined by each state and are intended to reflect the standard of need of each individual state. (The standard of need reflects the amount of money necessary to meet a minimal standard of living in the state. In Maryland, the value of benefits to AFDC recipients is only 72% of the need standard.) AFDC benefits are calculated based on net income after allowable deductions (such as child care costs or shelter costs that are high in relation to income) are subtracted from gross income. AFDC-UP provides AFDC benefits to two-parent families with children under 18 at the option of the state. To qualify for assistance the primary wage earner must be unemployed or working less than 100 hours per month. Two-parent families in which one parent is incapacitated are eligible for all AFDC benefits.

ENTITLEMENT - are programs funded to serve all those who meet the income and asset requirements to receive benefits. Food Stamps and School Meals are entitlement programs.

FOOD PANTRIES - are emergency food sources, usually sponsored by churches, synagogues, civic groups or Community Action Agencies. They provide a three day supply of food to individuals and families in need, anywhere from twice a year to once a month. Many also provide limited cash assistance for rent, heat or prescription medicines, but pantries are not designed for regular, ongoing support. Pantries are dependent on donations (some receive Federal Emergency Management Agency - FEMA - assistance), and most get a large portion of their food from Food Banks, for a shared handling fee of about 12 cents a pound. This year donations from the food industry to Second Harvest, the national Food Bank network, were down approximately 16% and the pantries have felt the impact.

FOOD STAMPS - are provided through a federally funded program with eligibility standards and benefit levels set by the federal government. Although an entitlement program, eligibility requires a gross income level no more than 130% of the poverty level after certain earnings and assets are disregarded.

GENERAL PUBLIC ASSISTANCE (GPA) - is an optional state program designed to provide cash assistance to single individuals and childless couples who are otherwise ineligible for cash assistance with the exception of unemployment.

SCHOOL BREAKFAST/LUNCH - provides free food to school-age children from families whose income is below 130% of the federal poverty level and at reduced prices for children from families with incomes below 185% of the federal poverty line. In areas where 50% of the children are eligible for the program, meals are also offered in the summertime. Although the school breakfast program is federally authorized and subsidized, 191 schools do not offer breakfast in Maryland.

SENIOR NUTRITION (Eating Together/Meals on Wheels) - provides prepared meals for the elderly poor who are unable to afford food or unable to prepare it themselves. Eating Together provides prepared meals to seniors in senior centers or similar facilites. Meals on Wheels delivers prepared food to seniors in their homes, typically providing one daily meal five days a week. The two nutrition programs are popular among the elderly poor who tend to shun other public assistance programs such as food stamps, food pantries and soup kitchens.

SOCIAL SECURITY - is a federal program to provide cash assistance to elderly and disabled individuals who have made social security contributions over the years.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC) - provides food supplements and nutrition education to pregnant and nursing women, to infants and to children up to the age of five. The program prevents nutrition deficiencies that contribute to infant mortality, low birth weight, and learning and development problems among children. Although supported by federal funds, WIC is not an entitlement program. Eligibility in Maryland requires an income no greater than 185% of the federal poverty level. States may supplement federal funding - and nineteen do - to increase the number of eligibles served by the program. In Maryland, 65,000 women, infants and children remain unserved.

SUPPLEMENTAL SECURITY INCOME (SSI) - is a federal program to provide cash assistance for elderly individuals who do not qualify for Social Security and additional cash assistance for the disabled. States may supplement the basic SSI grant. Maryland is not one of the 27 states that do.

Summary of Regional Data

	State	Region I Lower E. Shore	Region II Upper E. Shore	Region III Southern MD	Region IV Central MD	Region V DC Metro	Region VI Western MD	Region VII Baltimore City
Total HH detail partial People detail partial	7385 11070 23377 31744	608 729 1666 1855	397 - 1158 -	582 671 1971 2193	1026 1175 3215 3646	1919 2277 6672 7900	1231 - 3561 -	1596 4545 5190 11423
[illegible] % [illegible] %	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HHbab<1 total	11 4	9 4	7 2	15 5	11 4	14 5	6 3	12 4
HHbab 1-4 total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HHchildren 5-12 total	42 23	34 22	32 20	45 22	43 24	44 23	33 21	48 26
HHteens 13-18 total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HHadults 19-59 total	88 42	86 45	91 48	90 42	88 41	88 41	82 46	90 37
HHseniors 60+ total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HHw<18 total	64 51	52 46	57 46	74 53	66 54	68 52	56 44	67 57
HHw<5 tot HH w/<18 total from tot <18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average per HH Average <18 per HH	3.2 2.5	2.7 2.4	2.9 2.4	3.4 2.5	3.1 2.4	3.5 2.6	2.9 2.3	3.3 2.8
Teen moms on WIC from total teens	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pregnant on WIC	25	14	9	59	30	10	48	23
Breastfed on WIC	13	17	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Employed full-time - of total adults part-time Employed full-time or part-time	17 9 27	12 22 34	22 10 32	14 8 22	17 7 24	22 9 31	21 8 30	6 8 14
HH w/adults with employed full or part	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HH w/adults empl full/ part on Food Stamps	23	55	20	26	21	12	17	39
Food Stamps - of tot HH	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AFDC - of HH w/<18	26	28	19	31	29	13	30	37
WIC - of HH w/<5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SSI - of tot HH of HH w/seniors	13 27	12 19	13 27	12 37	12 35	10 23	15 20	16 39
Social Security - of tot HH	14	[illegible]	11	10	10	[illegible]	[illegible]	[illegible]
Single adult HH w/<18	51	51	43	46	58	45	35	67

	State	Region I	Region II	Region III	Region IV	Region V	Region VI	Region VII
HH w/2 or more adults w/<18	44	43	52	50	37	47	59	28
HH w/2 or more adults w/<18 on Food Stamps	31	48	23	38	21	20	31	52
HH w/2 or more adults w/<18 with employment	49	55	60	42	49	52	59	28
and receiving Food Stamps	23	56	17	30	26	13	21	38
HH w/ seniors on Food Stamps	26	32	12	40	23	24	19	36
HH w/children 1-4 on WIC	19	20	13	28	12	12	33	18
Repeat clients on FS	38	34	30	46	33	25	31	62
HH w/seniors on Social Security	59	71	51	47	52	56	74	45
HH w/<5 on AFDC	29	32	24	34	31	14	33	22
HH w/<5 on AFDC & WIC	32	41	32	48	17	24	53	26
HH w/children 5-12 on School Meals/Breakfast	32	24	34	37	14	37	27	39
Single adult HH w/<18 on AFDC	35	36	27	37	37	19	53	42
		Somerset Dorchester Wicomoco Worcester	Cecil Kent Queen Anne's Caroline Talbot	Calvert Charles St. Mary's	Baltimore Anne Arundel Howard Carroll Harford	Prince George's Montgomery Frederick	Garrett Allegany Washington	Baltimore City

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17. Leonard, Dolbeare and Lazere, p. 3.
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19. Levitan, Mangum, and Pines, p. 33.
20. Leonard, Dolbeare and Lazere, pp. 22-24.
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PARTICIPATING PANTRIES AND FOOD BANKS

Region One
Lower Eastern Shore

Caring Hands, Salisbury
Centennial Hunger Action, Westover
Diakonia, Ocean City
Flower Hill UMC, Eden
Fruitland Community Center
United Wesleyan Methodist Church, Vienna
Somerset County Hunger Action Center, Princess Anne
St. Paul's Food Pantry, Berlin
The Salvation Army, Salisbury
Worcester County Hunger Action, Pocomoke

Region Two
Upper Eastern Shore

Delmarva Rural Ministries, Federalsburg
Immaculate Conception, Marydel
Neighborhood Service Center, Easton
Samaritan House, Denton
St. Martin's Barn, Ridgely

Region Three
Southern Maryland

Associated Catholic Charities, La Plata
Calvert Emergency Food Pantry, Port Republic
Charles County Children's Aid Society, Inc., Waldorf
Emergency Advocacy Services Program, S. Maryland Tri-County Community Action, Hughesville
FISH/ Grace Lutheran Church, La Plata
St. Anthony's Catholic Church, Dunkirk
St. Mary's Associated Catholic Charities, Leonardtown

Region Four
Central Maryland

Asbury Broadneck UMC Pantry, Annapolis
Catonsville Emergency Food Pantry, Catonsville
Carroll County Food Sunday, Taneytown & Eldersburg
Cecil County Help Center, Elkton
Eastern Interfaith Outreach, Essex
Eastport Food Pantry, Annapolis
Essex United Methodist Church, Essex
Family Crisis Center, Dundalk
HRDA Emergency Food Pantry, Dundalk
Helping Hand, Annapolis
Heritage Church of God, Glen Burnie
Holy Trinity Outreach Program, Glen Burnie
Immaculate Conception Outreach, Elkton
Liberty Assistance Center, Randallstown
Our Lady of the Chesapeake, St. Vincent de Paul Society, Pasadena
Neighbors In Need, Bel Air
People That Care, Elkton
Severna Park UMC Food Pantry, Severna Park
St. Bernadette's Parish Emergency Assistance, Severn
The Salvation Army, Annapolis
The Salvation Army, Glen Burnie
The Salvation Army, Havre de Grace

Region Five
Washington, D.C. Metro Area

American Red Cross, Hyattsville
Camp Springs Presbyterian Church, Camp Springs
Emmitsburg Food Bank, Emmitsburg
Fidelity Christian Center, Seat Pleasant
First Baptist Church Closet, Silver Spring
Frederick City Food Bank, Frederick
Gaithersburg HELP, Gaithersburg
ICAC - Oxon Hill Food Pantry, Oxon Hill
Martha's Closet, Glenn Dale
Rockville FISH, Rockville
St. Pius X Sharing Pantry, Bowie
The Salvation Army, Gaithersburg
UCAP Emergency Food Pantry, Capitol Heights
United Christian Mission, Forestville
WUMCO HELP, Poolesville

Region Six
Western Maryland

Church of the Nazarene, Frostburg
Community Action Council, Hagerstown
Community Food Bank, Hagerstown
Garrett County Food Bank, Oakland
LaVale United Methodist Church, LaVale
The Salvation Army, Cumberland
The Salvation Army, Hagerstown

Region Seven
Baltimore City

All Saints Food Center
Basilica Emergency Pantry
Central Baptist Church
Emergency Environmental Services
Franciscan Center
Groceries - NCJW
Holy Trinity
Homestead UMC Service Center
Huntington Baptist Church
Metropolitan UMC Outreach
Morningstar Baptist Church
Project SAGA-Greenmount West
Provident Baptist Emergency Food Pantry
Southeast Emergency Needs Network
South Baltimore Emergency Relief Services
St. Ambrose
St. Ignatius Self Help Social Services
St. Martin's Catholic Church
St. Peter Claver Catholic Church
St. Veronica's Emergency Food Center
St. Vincent's Emergency Services
Strawbridge UMC Bread of Life Food Pantry
United Brethren for Christ
Waters Emergency Food Pantry

VIEWS OF THE DIRECTOR OF THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY

THURSDAY, FEBRUARY 22, 1990

U.S. Senate,
Committee on the Budget,
Washington, DC.

The committee met, pursuant to notice, at 10:06 a.m., in room SD-608, Dirksen Senate Office Building, Hon. Jim Sasser, (chairman of the committee) presiding.

Present: Senators Sasser, Sanford, Wirth, Conrad, Domenici, Symms, Grassley, and Gramm.

Staff present: John L. Hilley, staff director; and Phillip Kardis, senior analyst for science, space, and technology.

For the minority: G. William Hoagland, staff director; and Bill Hughes, senior analyst for transportaton and science.

OPENING STATEMENT OF CHAIRMAN SASSER

Chairman Sasser. The committee will come to order.

This morning I would like to welcome Dr. Bromley, Assistant to the President for Science and Technology, and Director of the Office of Science and Technology Policy.

Welcome, Dr. Bromley.

Dr. Bromley. Thank you.

Chairman Sasser. We are pleased to have you here with us this morning.

Once again the administration has proposed significant increases for science, and space technology programs. The President is asking for nearly a 23-percent increase in budget authority for the science and space function of the budget. And in particular, his proposal calls for a civilian science budget that is dominated by several large science projects, including the superconductor super collider, the space station, the human genome project, all of which will reach their peak funding levels in the mid-1990's.

In addition, the President is proposing two major new initiatives with enormous funding requirements in the coming decade: the $400 billion human exploration initiative and the $32 billion mission to planet earth Program.

Now, the vision is indeed grand and sweeping. Exploring and uncovering the mysteries of the universe stirs us all. But I am afraid we are looking at the stars right now from a rather deep fiscal hole. The need to reduce the deficit and pressures in the domestic discretionary portion of the budget mean that we may not be able to increase the funding for science and space programs as much as we would like to for this year or indeed even in the coming years.

Therefore, we simply cannot afford to keep many large-scale science programs in suspended animation year after year. We have got to make some tough choices. We have got to set priorities. And I suppose that is what the budgetmaking business is really all about. We have got to make some wise choices among the many opportunities that now present themselves in science and technology, and if we do not make wise choices, then I fear we risk mediocrity by trying to do too much with too little.

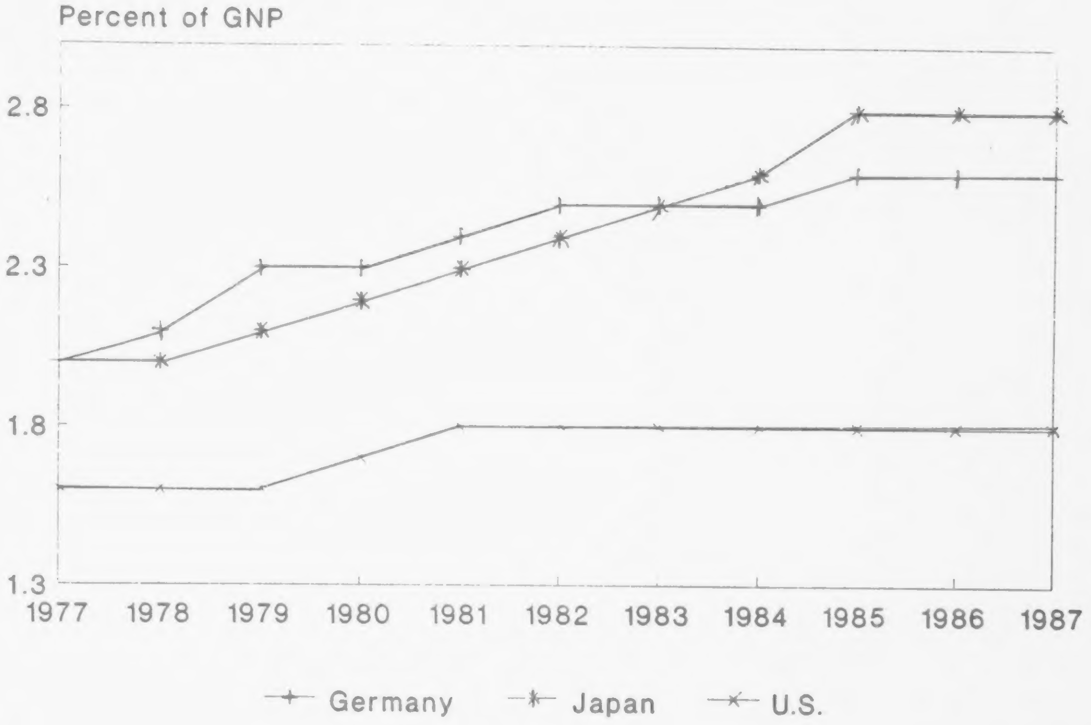
Now, setting science priorities is more than just a budget issue. It is central to maintaining our economic strength, to renewing our economy at home and enhancing our competitiveness abroad. It is an investment that will pay long-term dividends.

If we continue to fall behind our trade competitors in investing in science and technology and scientific education, we do so at the risk of diminished influence in the world economy.

I direct my colleagues' attention to the chart that the staff has erected there, and also your attention, Dr. Bromley. It shows that the United States, in essence, has stood still since 1981 in terms of our investment in civilian research and development. Our competitors, our principal competitors, the Japanese and the West Germans, have been considerably more active in investing in civilian R&D.

For example, Japan's gross national product has been increasing rapidly, yet their investment in civilian research and development has increased at an even faster rate.

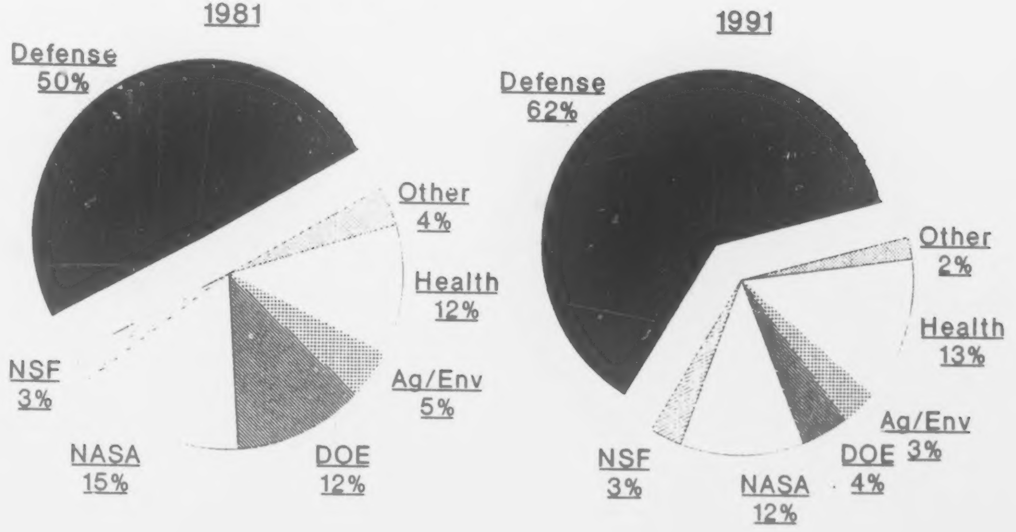
Civilian R&D Expenditures



Prepared by the SBC Staff

By contrast, our choice has been to increase defense-related research and development, as we can see in chart number 2. Defense and research and development has taken on the appearance there of one of Mr. Darman's hidden PacMen, gobbling up Federal funding for research and development, as we see it increasing from 51 percent in 1981 to 62 percent in 1991.

Encroachment of Defense on Federal R&D



Prepared by SBC Staff

Now, I believe it is time we put that defense R&D PacMan out of business. It is time to look for a better balance between defense and civilian research funding. Otherwise, we are going to be subjecting ourselves to the economic stagnation that a cold war research budget implies.

In addition to shifting the balance between defense and civilian projects, we must closely examine our priorities within our civilian effort.

We need to clearly focus our research investments toward expanding our economic growth over the long term—and that means not pursuing the big-ticket science projects at the expense of the crucial basic and applied research effort.

Our scientific research enterprise has been a force for progress. It is my hope that a balanced national science program will continue to be a humane and civilizing force as well as an engine for economic growth.

Well, Dr. Bromley, I know you are an expert on these important issues, and we certainly look forward to hearing from you this morning.

But before turning to your testimony, we will turn to our distinguished ranking member, Senator Domenici, for his observations this morning.

Senator Domenici?

OPENING STATEMENT OF SENATOR DOMENICI

Senator Domenici. Thank you very much, Mr. Chairman.

Dr. Bromley, it is good to have you here. Obviously, this Senator is extremely pleased that you have been put in the position that you are in by this President. But I am more pleased at what you have been doing.

Frankly, I must say to you as the science advisor to the President you have a very, very unique opportunity, in my opinion, to have a dramatic and important impact on the future of this country. I wasn't sure, when it all got set up, that you would inject yourself into the processes of budgetmaking. Since science is spread all over this Government, as you have found, certainly in the United States it is very, very complex. It is also very energetic, and the best science in the world. I am pleased that the office of the science advisor to the President would get involved in all intricate workings of the science budget.

But I must say you have had less than a year—you haven't had your full staff—and I compliment you for the kind of people you have put around you. They are truly class-act people. We waited a long time to get them, but if they can perform for you as they performed for us as they performed in their previous assignments, we are going to be the better for it.

The important thing, however, is that Senator Sasser and a number of others on this committee joined me early on in a letter when we essentially said we are concerned that without strong scientific leadership at the White House, budgetary pressures will erode support for the Nation's science programs. I think we could have added more: that there would be lack of coordination, and lack of goals and objectives.

We were worried, but we have found you have played a role in the budget process. We commend you. In the President's budget spending for nondefense research and development is growing at about 11 percent over 1990 in a rather austere budget, and we think that is good.

I am not at all sure where defense research and development goes from here, but I am not as negative about its impact on America's future as perhaps my friend the chairman is. Nonetheless, defense will fall, and I am hopeful that the research and development and cutting-edge development of military hardware and military capability will not fall as rapidly. I am convinced that what we must do in this kind of age is to be ahead of the curve on science and technology in defense also.

Nonetheless, I am concerned about spinoffs and the use of science in the commercial activities of this Government. I cannot tell you any more strongly than I have before, but I will say it again: I do not believe it is going to serve America well in a decade or so to say we had the greatest science in the world, when we find that our economy has been eroded by the application of science and technology by our industrial competitors in a manner that is better than we are doing it, ahead of us, and more marketplace-oriented. You have a tough job to balance the scientists of this Nation in terms of pure science, with an obligation to apply science to the marketplace.

Now, there will be an argument here today, or if not here, soon, about the big projects versus the lesser projects. I suggest to you that there will be advocates for the superconducting super collider. I don't choose to talk about it, but I think we need big projects if they are relevant and significant to mankind or to our future. And I do look with a great deal of pride on the advances in the human genome project. I take a bit of credit for moving us in that direction, and I am very pleased and I hope you noted that a very major science group ranked all the projects and programs that we are involved in that are big and they put the human genome program ahead of them all. I think they are absolutely right because it has great human value, health value, and great economic potential. When you find that potential, we ought to go with it.

My last comments have to do with the use of science that is already public or quasi-public. My good friend the chairman has part of this in his State, the national laboratories that are operated by the Federal Government.

I think we are in a strange position because the labs are not run by a department that one would think is normally a lead science department of Government. They are run by the Department of Energy. But it is the largest accumulation of scientific activity and scientists under one roof in the world. It is not NIH, it is not National Science Foundation, it is the Department of Energy.

We think, Mr. Chairman, there are 23,000 scientists in these nine laboratories—engineers and physicists—and they are capable of helping this country in its mission of staying on the cutting edge and commercializing and moving technology into the marketplace.

I hope you will address their significance, not necessarily Sandia or Los Alamos, the so-called deterrent labs, but all of them. This is absolutely imperative. It is important that you see their value and cause them to be used in this new and exciting era of matching random basic science with commercial potential.

The budget that the President sent us is going to be hard to maintain on the science and research end because, other than a few entitlements, it is the fastest-growing part of his budget. That will cause it to conflict with a lot of other demands around here that are social demands but rather short term. I hope you are an advocate around this place to fund these programs, not just the big ones, but also the National Science Foundation and the National Institutes of Health with their special projects.

You have another very, very giant assignment with reference to greenhouse research, and I do compliment you again for the coordinated way you have handled this and the dramatic increases in the budget that you have recommended along with the President.

Thank you, Mr. Chairman.

Chairman SASSER. Thank you very much, Senator Domenici.

We will turn now to you, Dr. Bromley, for your opening statement.

STATEMENT OF DR. D. ALLAN BROMLEY, DIRECTOR, OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Dr. BROMLEY. Thank you, Mr. Chairman.

Let me first of all say how much I welcome this opportunity to come before this committee to discuss some of the administration's views on the science priorities and the budget request for science, technology, and space programs.

With your permission, Mr. Chairman, I will submit my formal statement for the record and will just touch on highlights in that statement in my opening presentation.

Chairman SASSER. Your full statement will be included in the record as if read, Dr. Bromley.[1]

Dr. BROMLEY. Thank you, Mr. Chairman.

On budget matters, before touching on the precise issues of the budget, I should tell you a little bit about the involvement of my office and my staff in the development of the budget and of the direction that we are headed in terms of our cooperation with the Office of Management and Budget.

I have been very fortunate in developing an agreement with Richard Darman, the Director of the Office of Management and Budget, so that my staff and his will interact closely and at all levels in the development of science and technology budgets. I think this is going to be extremely important in terms of injecting science and technology into this process at perhaps an earlier stage than has been the case in the past.

As you know, this process this year proposed a record total of $71 billion for research and development for 1991, and as the Senator has just indicated, that is a 12-percent increase in civilian R&D—one that we would like to think is impressive in the face of the current austere budget climate.

The entire outlook that underlies this budget that has been presented to you is the Bush administration's emphasis on investments in the future while at the same time, of course, maintaining our commitments both to the past and to the present.

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[1] See p. 370.

As an administration, it is our firm belief that one of the most effective ways to invest in our national future is by supporting research and development in science and in technology and in training young minds to use that science and technology in a creative fashion.

Early in the year, OMB surveyed the research and development community funded by the various research and development agencies and then requested from all those agencies a statement of the funding levels for each activity that had been identified in this crosscutting activity. I have to admit to you, Mr. Chairman, that since this was the first year that we have gone through this exercise, some of the data that we gathered are not as hard as we would like them to be—and as I am confident they will be a year from now.

At the subsequent OMB Director's Review, the research and development programs and funding levels were examined in detail with the agency proposals to obtain an optimum allocation of funds across the R&D agency budgets. On behalf of OSTP, I participated with Director Darman in virtually all of the hearings relating to science and technology. It turned out to be a tough series of discussions, since nearly all of the agency budget proposals had excellent suggestions, and proposals—proposals that were very much worthy of support.

But unfortunately, the available budget resources would not, and I quite agree, probably never will be, adequate to cover all of the superb things that our scientists and our engineers bring forward. We are, after all, unique in the entire developed world in that our activities in all these areas are built from the bottom up rather than from the top down.

There were, however, several general guiding principles that we followed in coming up with final determinations for what would appear in the budget now before you.

First, in our list of criteria was the requirement that we support programs that address national needs and national security concerns. Examples I would give here would be things like the Federal environmental cleanup, scientific research to address the global change issue, maintenance of our preeminence in space, adequate support for our defense technology base and people.

And of course, implicit in all of this is the question that was addressed here this morning, namely, an attempt at balancing the research and development funding in the civilian and defense sectors; I will come back to that point.

And before going any farther, I think it is very important for me, in my position, to emphasize to you gentlemen that through your help and through the help of the U.S. taxpayer, we have still in this country the strongest science and technology enterprise that the world has ever seen.

We do not, however, have the leading position in every possible facet of that activity as we did for several decades postwar. Other nations, by focusing their resources, have been able to move up to equal us and, in some cases, to move ahead of us. And this is not surprising. It's not depressing. It is as things should be.

But what it does emphasize is that we simply cannot be complacent about our leadership and its continuation in the years ahead. That led, Mr. Chairman and gentlemen, to the second major guiding criterion in our budget fabrication process, and that was that we needed to maintain an adequate support for basic research because we look upon that as the wellspring of all our future scientific and technological progress. And study after study has been demonstrating that the rate of return on investment in basic research is at least 30 percent.

In evaluating the agency programs, we made a concerted effort to be sure that small-science funding that I personally believe still represents the backbone of American strength in science and technology, received very high priority.

Finally, it is also true that increasingly in branch of science and engineering after branch, if one is going to reach the frontiers of the field, one requires major instrumentation, large infrastructure, large facilities. As you quite correctly noted Mr. Chairman, it is essential that we maintain a balance here and that we continue to invest in those facilities that will keep us at the very frontier of world activity in this decade and the next.

Many of these projects are popularly called megaprojects. But let me emphasize that each of these, once built, will service literally thousands of scientists both from the United States and from abroad, and will make possible scientific understanding of the world, of our universe, and of our role in both at a much greater depth than we have ever had before.

I believe that such support is absolutely essential for the health of our entire science and technology enterprise but, beyond that, for economic competitiveness and for national security.

The final step in the preparation of the budget that was brought before you a few weeks ago resulted from a series of meetings directly with the President. Director Darman and I, with Cabinet secretaries and other research and development agency heads, as appropriate for each issue, sat down with the President to resolve the overall budget priorities in line with the available budget resources. And the very high priority that the President himself accorded to science and technology is reflected in the fact that in the budget document that you received, the chapters on research and development are preceded only by a chapter on increasing the national savings rate.

Let me then turn, if I may, to the actual budget that the President sent forward to you.

Altogether the budget proposes a healthy increase of 7 percent in the conduct of both civilian and defense R&D, but even more encouraging to me is the distribution of that support. The proposal would increase civilian R&D 12 percent. Basic research would go up about 8 percent. And at a time of declining real defense expenditures, proposed defense R&D would rise by 4 percent, and the 6.1 area—the defense basic research—would go up by just about 6 percent.

I think that is extremely important, and I would like to return to it.

Altogether the total conduct of research and development, both civilian and defense, would rise to $68.1 billion, and if we add $3.1

billion for facilities and modernization, we bring the total to $71.2 billion. This amounts to 5.1 percent of the total budget proposed, and 1.3 percent of the U.S. Gross National Product. In 1990, for example, the corresponding percentages were 5 percent of the total budget and 1.2 percent of the GNP.

Responding directly to the charts that were shown a moment ago, we recognize that the ratio of defense to civilian research had been increasing throughout the 1980s; it reached a peak in 1986 when 69 percent of the total Federal R&D was in the defense sector. This we have changed this year, and the civilian R&D has now grown to 39 percent rather than the 31 percent that was the case in 1986.

It is my anticipation that the ratio will continue to shift in the years ahead. However, I would wish to strongly emphasize that at a time of decreasing international tension and, therefore, presumably, decreasing expenditures on national defense and national security, I would argue that this is precisely the time when we should maintain our spending on basic research and technology pertinent to national security to protect ourselves against technological surprises and possible blind-siding.

I will work to the degree possible to make sure that this element of the Defense Department budget remains strong, and I am delighted that Secretary Cheney and Deputy Secretary Atwood agree with me that it has a very high priority. We have discussed it in some detail.

The question of priorities is one that you gentlemen have raised. It is obviously one of the most difficult of all. You in the Congress face it daily. We do in the administration as we bring forward a budget.

My office, as you know, in the 1976 legislation that created it, is charged with reviewing and coordinating Federal research and development across the entire spectrum of the agencies involved. We are particularly asked to focus on those projects and problems that don't fit neatly into a particular science or into a particular agency.

In the light of these responsibilities, we have defined a number of areas that we want to give very particular attention during this next year and the coming years. Basic research is our highest priority, and we believe, as I have just emphasized, that university-based individual investigator and small-group research still is the backbone of our activity. Funding for this, I believe, must remain strong if we are to keep the diversity and vitality that has characterized American science and technology.

There is a significant problem, gentlemen, that I must bring to your attention, however, and that concerns the fraction of truly excellent proposals from young investigators in the fundamental sciences that can be funded. In both the National Science Foundation and the National Institutes of Health, for the first time in the postwar years, the fraction of those proposals that can be funded this year has dropped to below 30 percent.

This is singularly unfortunate at a time when we are trying to encourage a greater fraction of those young people, at the beginning of their careers, to choose academic careers to work in the academic environment and to be responsible for the training of the young people that are essential to our national future.

The problem results, in substantial measure, from the simple fact that both of these agencies responded to the very real and very reasonable requests from the scientific community itself. Over the years, the community has been asking for grants and contracts that were not of single-year duration.

We found, when David Packard and I did a study during the Reagan Administration, that in some of the best universities in this country, young faculty members were spending up to 33 percent of their available time either writing proposals or writing reports telling what the last proposal had enabled them to do. And I submit to you that that is not a very productive use of their most creative years and time.

We did get longer-term grants. We did respond to the requests for larger grants because it is more expensive, year after year, to address frontier questions. Unfortunately, the out-year mortgage that was created by those two responses is now making it very difficult for us to maintain our support of these crucial young people.

And of course, a contributing factor is the simple one of demographics. Something like 87 percent of all the scientists and engineers who have ever lived and worked in the United States are alive and working and asking for support at this moment, whereas less than 4 percent of our citizens are still with us.

Chairman SASSER. Is that a tribute to their longevity, Dr. Bromley? [Laughter.]

Dr. BROMLEY. It is simply a reflection of the inexorability of exponential growth. [Laughter.]

How's that for a good one? [Laughter.]

Chairman SASSER. I have to puzzle on that for a moment. [Laughter.]

Dr. BROMLEY. Let me turn for a moment to one of the other topics that you gentlemen have raised that I feel is terribly important. It is very high on our priority listing. That is the contributions that science and technology in this country can make to economic growth.

Our ability as a Nation to commercialize scientific and technological innovations effectively is a major factor in assuring our long-term economic growth, our industrial competitiveness, and our national security.

As little time ago as 6 months, I believed that we could separate economic competitiveness from national security concerns. I now recognize that that is totally impossible, that these considerations are hopelessly intertwined, and that we have to look at the whole problem from a systems point of view and a national point of view.

We have to, I believe, continually assess the role of Government and industry in the technology commercialization process to ensure that we realize the full potential of the investment that you gentlemen in the Congress have made and that in many cases has been matched from the private sector.

What we have to do, as I see it, in this next decade and beyond, is to define totally new relationships between the public and private sectors if we are going to achieve the goals that the President has set forth—that many of you have set forth—for this Nation in the 1990's.

In my office we intend to focus broadly on several advanced technology areas. These include: information technology, biotechnology, materials science and engineering. And we have, of course, been spending substantial time on the whole question of global warming and global change.

Advanced technologies cover the spectrum from basic research to engineering and development in a broad range of fields. I look on those as "enabling" technologies—technologies that have applications in a broad range of commercial and national security sectors—however, technologies from which no single company may be able to capture sufficient return to justify their support of the development of those technologies on their own.

These are areas where I believe we have a very important Federal role in taking us from the basic discovery through developing the technologies to the point where we are ready to go out and compete with products and services that are attractive in the market. Our competitors internationally are getting together to share the risk, to share the cost, to minimize the time in developing those technologies. And if our system, for whatever reason, requires that our industry has to reinvent the wheel independently in each industry, we will simply not be competitive.

The specific concerns on which OSTP has focused, and will continue to focus, are some of the following:

Perhaps most important, and somewhat new for our Office, is the idea of catalyzing State and local activities in industrial competitiveness to obtain maximum leverage for Federal funding. To that end, I have added to my Office—for the first time—a very distinguished nominee for Associate Director for Industrial Technology, and one of his functions—he is broadly experienced in this area—will be to focus on State and local activities and to catalyze their spread and growth wherever possible.

Secondly, following up on what the Senator has just said, I believe that we have a major responsibility——

Senator DOMENICI. Doctor, could you tell us who that is?

Dr. BROMLEY. Yes. He is Dr. William Phillips.

Senator DOMENICI. What does he do? What did he do in the past?

Dr. BROMLEY. In the past he has served as executive vice president for research and development at Mallinbradt, and as vice president for R&D at DuPont. He served for a short time as chairman of the chemistry department at Washington University. And most recently, this last year, he has been working directly for the Governor of the State of Missouri, setting up high-tech centers throughout that State.

He has been nominated by the President. His confirmation hearing is scheduled for February 28.

Senator DOMENICI. Thank you, Mr. Chairman.

Dr. BROMLEY. The second point that I would emphasize is that of improving the technology transfer. I agree that the national laboratories, a large fraction of the 762 national laboratories that we have in this country, are really major national resources, both in terms of the technology that they have developed, and the people who are in those laboratories.

But we have to do much better than we have in making their expertise, their knowledge and know-how available to our own industries and in developing partnerships between the private sector and this great talent pool to move discoveries and know-how into the commercial sector much more smoothly, much more quickly than has been the case in the past. We in OSTD look on this as one of our major responsibilities.

I think also that we have an important role in encouraging the development, as I just mentioned, of critical technologies, and critical technologies and critical materials that exert strong leverage on our manufacturing sector--and manufacturing is important—and in a number of other sectors of our economy.

We have to refine the technology policy of the administration, working with you and the Congress, to establish guidelines for future Federal R&D investments. We have to foster a more effective three-way partnership involving industry, academia, and Government.

And finally and perhaps most important of all, working together, we have to ensure an adequate flow of well-trained professionals in mathematics, in engineering, and in science. But—as I will come back to in just a moment—that is only part of the enormous problem we face as a Nation in the field of education.

Let me turn briefly to science and technology for national security. We in OSTD will continue to interact very closely with the Department of Defense in providing advice, help, and further advances in defense technology. And as I have said, this is a time when I feel that it is very important for us not to drop the level of our research activities in the Defense Department.

Chairman SASSER. Dr. Bromley, if I just may interject here. We have got a number of Senators who are wishing to ask questions.

Dr. BROMLEY. Let me quickly just hit one or two more points, then, sir, and I will conclude.

Chairman SASSER. Thank you.

Dr. BROMLEY. Let me simply note that the life sciences have made enormous progress in recent years, and we are committed to having that play a major role in OSTP, which again was not an important area in some of the earlier OSTP incarnations.

We are working on global change to a very substantial extent with many other groups within the White House. I chair the Domestic Policy Council Working Group on Global Change. We are focusing, and will work closely with you gentlemen, on the important aspects of international science and technology, something that is becoming much more important, and ways in which we can use science and technology as a much more important part of our foreign relations.

Let me then conclude, that we have three major objectives that are reflected in the budget that the President sent forward to you. I would list them as follows:

The first is to preserve the initiative, independence, and creativity of American scientists through stable, multiyear patterns of funding for basic research and continued real growth in Federal R&D funding;

The second is to foster a more efficient and effective coupling between research and development and commercial production;

And the third is to ensure that the best scientific advice is an integral part of all the policies of this administration.

I have already mentioned international cooperation, and would conclude by simply saying that in the field of education it is not only the professional that must interest us, we have a major challenge, as a Nation, to improve the literacy of our citizens. And we have a forgotten middle: We have the technicians, specialists, super-technicians who play such a leading role in the foreign countries that are competing with us, an area where we have an enormous shortage and where we must take corrective action.

Thank you, Mr. Chairman.

Chairman SASSER. Thank you very much, Dr. Bromley.

[The prepared statement of Dr. Bromley follows:]

STATEMENT
by
D. Allan Bromley
Director, Office of Science and Technology Policy
Executive Office of the President
Before the Committee on Budget
United States Senate

Mr. Chairman:

Thank you for giving me the opportunity to present the Administration's views on science priorities and the budget request for science, technology, and space programs. In doing so I will discuss how my office participates in the development of science priorities and how these programs support our national goals.

As most of you are aware, The Office of Science and Technology Policy has undergone a number of changes in the Bush Administration. One important change is my appointment as Assistant to the President for Science and Technology, concurrent with my confirmation as Director of OSTP. This upgraded position for the Science Advisor reflects the increased importance of science and technology in the Bush Administration and has brought an expanded role and responsibilities for myself and the OSTP staff within the Executive Office of the President. These expanded responsibilities include my membership on the Domestic Policy Council, the Economic Policy Council, the Space Council, the Council on Competitiveness, and a close working relationship with the National Security Council and the Office of Management and Budget.

As specified by the National Science and Technology Policy, Organizations, and Priorities Act of 1976 (P.L. 94-282) that created OSTP, a major function of our office is to provide "a source of scientific and technological analysis and judgement for the President with respect to major policies, plans and programs of the federal government." My increased access and direct participation in the policy-making process within the White House has greatly increased OSTP's ability to fulfill this responsibility. I am directly involved in briefing the President on the scientific and technological components of national and international policies.

As a result of these expanded activities, OSTP staff members must cover far more ground than in the past. They interact on a daily basis with other units throughout the Executive Office of the President to ensure that considerations of science and technology are taken into account in policy deliberations. The staff has been upgraded and expanded. For the first time in OSTP's history, the President has nominated for Senate confirmation all four of the Associate Directors called for in P.L. 94-282. These four distinguished individuals will have responsibilities in physical science and engineering, life science, industrial technology, and policy and international science.

As an example of the role that they will play, Dr. James Wyngaarden, OSTP's Associate Director for Life Science, heads the Biotechnology Working Group of the Council on Competitiveness chaired by the Vice-President.

My new responsibilities and the expanded and revitalized role of OSTP mean that issues of science and technology are well represented in the policy-making process of this Administration. In addition, however, the President has recently established a new, high-level advisory group of twelve distinguished scientists and engineers from the private sector that reports directly to him. The President's Council of Advisors on Science and Technology (PCAST), which I have the honor to chair, recently held its first meeting, hosted by the President at Camp David. I anticipate that PCAST will meet once a month and will establish a series of panels to focus on specific problem areas.

In addition to OSTP's roles in participating in the formulation of national policy on issues that involve science and technology, and providing access to authoritative science and technology advice, OSTP is also directed in P.L. 94-282 to coordinate Federal science and technology activities and to resolve science and technology policy issues that affect more than one agency. The primary mechanism for this is the Federal Coordinating Council on Science, Engineering, and Technology (FCCSET), which I chair and that I am in the process of restructuring and revitalizing. As part of this restructuring, I intend to reorganize the FCCSET Committees so that they span the spectrum of science and technology in a more appropriate manner.

I anticipate that there will be occasions for interaction between PCAST panels and the reorganized FCCSET Committees, perhaps by holding joint meetings, so that Federal science and technology activities can take advantage of the experience of the private sector. An example of the role that I think FCCSET committees can and should play is provided by the Committee on Earth Sciences, which over the past year has developed a focused, coordinated, multi-agency program of research on global change and to which the President has responded by proposing a budget increase for FY 91 of 57 percent, to over $1 billion.

OSTP/OMB COOPERATION

On budget matters, I have an agreement with Richard Darman that OSTP and the Office of Management and Budget (OMB) will interact closely and at all staff levels in the development of science and technology budgets. Let me describe to you this developing interaction, which I believe is extremely important in the priority-setting process that goes into making up the Federal budget requests. As you know, this year this process has resulted in the President proposing a record total of $71 billion for research and development for FY 91, including a 12 percent increase in civilian R&D, which is impressive in the face of the current austere U.S. budget climate.

The entire outlook of the Bush Administration emphasizes investments in the future while – at the same time – maintaining commitments to the past and present. As an Administration we believe that one of the most effective ways of investing in our future is by supporting research and development in science and technology. Thus, the President has asked that there be a close co-operation between the Office of Science and Technology Policy, the Federal R&D agencies and the Office of Management and Budget in developing this Administration's R&D budget. This should insure that the Administration's proposals to Congress have a sound science and engineering underpinning and represent the most efficient and effective allocation of funds for the support of the Federal R&D enterprise.

The first step in this close interagency co-operation will take place in the FCCSET council working groups. Here agency program officers with the guidance and advice of both OSTP and OMB staff will help co-ordinate the individual agency R&D programs to eliminate duplication and to ensure that all important areas of R&D in specific disciplines are, in fact, supported. The National High Performance Computing program and the U.S. Global Change program are two of the best examples of how this process has the potential to work. In the coming year other areas, such as materials R&D, that are supported by almost all of the R&D agencies will be reviewed in the same manner.

Then, during the summer months when these agencies are preparing their new budget proposals for presentation to the President, both OSTP and OMB staff will be available to the agency heads and their staffs to review the focus and content of individual agency programs required to carry out the agency missions. Finally, in the fall when all of the agency budget proposals are presented to the Administration, as OMB conducts its review, OSTP and OMB staff will jointly evaluate and prioritize the different agency programs in light of urgent national needs and Administration policy. This process was started this past fall and we in OSTP and OMB expect the process to proceed even more smoothly this coming year.

To give you some feeling for the way our two agencies interacted this past year, let me describe briefly a few of the measures we set in place for future budget discussions. Early in the year, OMB surveyed areas of R&D commonly funded by the various R&D agencies, OMB requested that these agencies provide us with the funding levels for each activity identified in these areas. Since this was the first year we carried out this exercise, the data we gathered is not as 'hard' as we would have liked but we expect it to be more well-defined next year. After the data collection, agency personnel met with OMB staff for 'budget hearings' on these programs. OSTP participated in these hearings, as it did in the traditional Fall OMB 'Director's Review'.

At Director's Review, R&D programs and funding levels were examined to determine an optimum allocation of funds across the R&D agency budgets. I participated with Dick Darman in virtually all of the hearings related to science and technology. This latter determination was very tough, since nearly all of the agency budget proposals were excellent and worthy of support. Unfortunately, the available budget resources would not -- nor I suspect will they ever -- stretch to cover all of these efforts. However, several general, quite simple guiding principles were applied in your final determination.

First, support is required for all programs that address national needs and national security concerns. Examples would be, the Federal environmental clean-up effort, scientific research to address the global climate change issues, a pre-eminence in space and adequate support for the defense technology base. Implicit in this, I might add, we considered the balance of R&D funding for civilian versus defense needs.

The second guiding principle was the adequacy of support for basic research which, really, is the well-spring of all our future scientific and technological progress. In evaluating the agency programs, a concerted effort was made to ensure that 'small science' funding received the highest priority in the final individual agency programs. Finally, we examined the R&D budgets to insure that the level of funding for the scientific infrastructure and facilities in this country will maintain our scientific pre-eminence. Large facilities such as telescopes, synchrotrons, and particle accelerators are necessary for state-of-the-art research to continue. Although many may call these 'mega-projects', once built they service thousands of scientists and make possible a scientific understanding of the world and universe in which we live. They are essential for the health of our R&D enterprise.

The final step in preparing the Administration's budget is a series of meetings with the President. Dick Darman and I with the Cabinet Secretaries and other R&D agency heads sat down with the President to resolve the overall budget priorities in line with available budget resources. The very high priority the President accorded to Science and Technology is reflected in the fact that in his budget proposal to Congress, the chapters on research and development are preceded only by a chapter on increasing the national savings rate.

RECENT OSTP ACCOMPLISHMENTS

In the past year, the Office of Science and Technology Policy has been engaged in a number of activities designed to increase the contribution of science and technology to improved economic competitiveness and a strong national defense. Although many of these activities are being reorganized to reflect ongoing changes in the office, our future efforts will build on what has been done in the past.

The following descriptions touch only on some of the highlights of recent OSTP activities. A more thorough description can be found in the OSTP Budget Justification to Congress: "Summary of Accomplishments in FY 1989 by the Office of Science and Technology Policy."

In the area of international science and technology, OSTP has sought to ensure that science and technology become more integral parts of U.S. foreign relations and that science and technology issues are adequately considered in the development of foreign policy. OSTP has worked closely with the National Security Council, the State Department, and appropriate U.S. government technical agencies, as well as the nation's scientific and engineering communities, to plan, coordinate, and follow up on state visits and summits. In addition, OSTP has sought to encourage international participation in a number of large, world-class science projects currently under development, including the Superconducting Super Collider, Space Station Freedom, and the human genome project. Finally, OSTP has helped to coordinate and has participated in a number of multilateral and bilateral efforts to improve the infrastructure for science and technology around the world and to strengthen science and technology cooperation.

OSTP is also involved in the application of science and technology to support national security. For example, OSTP participates in efforts aimed at resolving critical scientific and technical issues and helps draft position and issue papers for use by the National Security Council, the Office of Management and Budget, and other participating agencies. The Director of OSTP is also assigned the responsibility for managing the nation's telecommunications resources during wartime and non-wartime national crises and emergencies. OSTP also recently assisted the National Security Council in redefining the President's policy on U.S. export controls.

OSTP has been active in several areas affecting industrial competitiveness. For example, OSTP has the responsibility for implementing P.L. 100-418, which created the National Advisory Committee on Semiconductors. After a series of meetings in 1989, the committee released its report A Strategic Industry at Risk. OSTP has also provided active participants in policy forums on advanced imaging technology, high-resolution television, and x-ray lithography.

Through my membership on the Space Council, OSTP plays a major role in reviewing and developing U.S. space policy. In the past, OSTP has also worked closely with NASA and other agencies on developing policies toward the National Aerospace Plane, Space Station Freedom, and NASA's space sciences program.

In the life sciences, OSTP has begun to plan and coordinate government-wide initiatives for the Decade of the Brain, which has been established by Congress and the President to recognize the dramatic increases in knowledge about the brain and its disorders and the formidable challenges of the future. OSTP has also been engaged in activities involving biotechnology and the human genome project.

Last year, it was my pleasure to recommend to the President the awarding of 27 National Medals of Science and Technology for distinguished achievement in mathematics, science, engineering, and technology, and 112 Presidential Awards for Excellence in Science and Mathematics Teaching to the nation's top science and mathematics teachers.

Finally, OSTP has been working with the Office of Presidential Personnel to identify highly qualified candidates for a range of top-level science appointments.

FEDERAL R&D BUDGET

"The budget's chief emphasis is on investment in the future," according to President Bush, and that emphasis finds strong affirmation in the Administration's support of science and technology in the President's 1991 budget. Altogether, the budget proposes a healthy increase of 7 percent in the conduct of both civilian and defense R&D by the federal government. Even more encouraging to me is the distribution of that funding. The Administration's proposals would increase civilian R&D 12 percent, from the $23.8 billion that was enacted in FY 1990 to $26.7 billion in FY 1991. Basic research would go up about 8 percent, from $11.4 billion to $12.4 billion. At a time of declining real defense expenditures, proposed defense R&D would rise by 4 percent and defense basic research would go up by 5.9 percent. As evidenced by President Bush's first budget, science and technology are going to be major and ongoing concerns of this Administration.

Altogether, the total conduct of R&D, both civilian and defense, would rise to $68.1 billion. Adding $3.1 billion for the construction, repair, and modernization of R&D facilities brings the total proposed federal support for R&D to $71.2 billion. This amount is 5.1 percent of the total budget for FY 1991 and 1.3 percent of the U.S. gross national product. In FY 1990, the corresponding percentages were 5.0 percent of the total budget and 1.2 percent of GNP.

This year's budget proposals have the effect of changing the proportions of civilian and defense R&D funded by the federal government. During the 1980s, defense R&D rose much faster than civilian R&D, reaching a peak of 69 percent defense and 31 percent civilian in 1986 . Since 1986, the ratio of civilian R&D to defense R&D has been growing steadily, and in FY 1991 civilian R&D is projected to be 39 percent of the total conduct of federal R&D.

PRIORITIES

The Office of Science and Technology Policy is charged with reviewing and coordinating federal R&D that cuts across the missions of more than one federal agency and with providing advice to the President on issues of science and technology policy that affect national and international policy. In light of these responsibilities, OSTP has defined several areas that will receive major emphasis in the coming year.

Basic Research

Basic research provides a continuing flow of fundamental new knowledge, and federal support for basic research is an essential investment in the nation's scientific and technological future. Our country is unique in the extent to which our universities both conduct the research that expands the base of fundamental scientific knowledge and simultaneously prepare future generations of scientists and engineers to use that knowledge in an innovative and creative fashion.

This university-based, individual-investigator and small group research still constitutes the heart of our science and technology enterprise. Funding for this research must be protected to maintain the diversity and vitality of American science and technology.

A significant problem has arisen, particularly in the National Institutes of Health and the National Science Foundation, where the fraction of excellent, peer-reviewed, new proposals from young investigators just beginning their academic careers has fallen significantly, dropping to below 30 percent for the first time in the postwar period. The discouragement caused by a lack of funding is particularly unfortunate at a time when the nation has a very serious need to recruit more young people into such careers.

The problem results, in substantial measure, from the fact that agencies such as NIH and NSF have responded in the past to urgent and reasonable recommendations that grants be made on a multiyear basis and that individual grants be increased to reflect the rising costs of doing research. The corresponding "outyear mortgages" now limit the number of new proposals that can be approved. A contributing factor is the demographic fact that the number of young scientists competing for such support continues to grow at a rate exceeding that of the available resources.

The federal government also supports basic research through construction of the large, expensive research facilities that are essential to progress in areas ranging from space sciences to particle physics to materials engineering. Large facilities are important not only for academic research but also for industry-oriented research. OSTP will work to ensure that a balance is maintained between the demands of these large facilities and those of individual investigators.

Science and Technology for Economic Growth

Our ability as a nation to commercialize scientific and technological innovations effectively is a major factor in assuring our long-term economic growth, industrial competitiveness, and national security. The United States spends more on research and development than does any other country in the world. We must continually assess the role of government and industry in the technology commercialization process to ensure that we realize the full potential of this public and private investment. Indeed, defining new relationships between the public and private sectors to achieve this goal will be a major challenge of the 1990s.

Specific concerns on which OSTP will focus are:

- Catalyzing state and local activities in industrial competitiveness to obtain maximum leverage for federal funds.

- Improving the technology transfer process from federal laboratories to the private sector.

- Encouraging the development and application by the private sector of critical technologies that exert strong leverage on the U.S. manufacturing sector and other sectors of the U.S. economy.

- Refining our technology policy to establish guidelines for future federal R&D investments.

- Fostering an effective three-way partnership involving industry, academia, and government.

- Working to ensure an adequate flow of well-trained professionals in mathematics, engineering, and science.

A prerequisite for our future national well-being is a strong manufacturing sector. Our national policy toward technology has the primary underlying objective of encouraging this manufacturing base--particularly in the high technology end. In addition, the nation needs a better working relationship between government and industry and an improved climate for the formation of private sector R&D consortia. The sophistication and capital-intensive nature of modern technology require new ways of increasing cooperation between government and industry and of fostering communication on long-term technology goals.

SEMATECH, the consortium of semiconductor companies focusing on precompetitive research and development, is an important example of such government-industry cooperation. The goal in this case is to encourage cooperation among businesses to help bridge the current disconnect between R&D and timely commercialization of semiconductor chips.

OSTP plans to focus attention on several broad areas of advanced technology, including information technology, biotechnology, and materials science and engineering. Such "enabling" technologies, have application in a broad range of commercial sectors; however, no single company may be able to capture sufficient return to justify the required investment to develop the technology independently. This topic will be discussed separately below.

Science, Engineering, and Advanced Technologies

Advanced technologies cover the spectrum from basic research to engineering development in a broad range of fields. For purposes of illustration, the areas of information technology and materials science and engineering will be highlighted.

Information technology covers all aspects of computing, computer networks, and computer-aided design, engineering, and manufacturing. High-performance computing, while still a relatively small component of the overall industry, holds particular promise as a high-leverage technology that could expand dramatically in the future. A national computing network, ultimately linking research institutions, businesses, schools, and homes, will have very strong leverage on the rest of our economy.

Materials include the basic components of our industrial civilization, from ceramics, semiconductors, superconductors, and metals to polymers and composites. Important new insights into the nature of materials and new abilities to create materials, in some cases on an atom-by-atom basis, are ushering in an age of "tailored" materials that will have a wealth of everyday applications. OSTP intends to raise the visibility of this critical area of R&D.

Science and Technology for National Security

America's scientific and technological strength provides the qualitative edge that has long ensured our security and that of our allies. OSTP will continue to interact closely with the Department of Defense in providing advice to further advances in defense technology.

Particularly in times of international uncertainty and change, as noted above, a strong research and technology base is critical to promote investigation into promising new technologies and to guard against technological surprise from potential adversaries. OSTP is keenly interested in ensuring healthy levels of investment in critical and cutting-edge technologies central to tomorrow's defense.

Many of these technologies also have commercial applications. For example, they are integral to the development of the National Aerospace Plane, an aircraft designed to take off and land on a normal runway and fly through the atmosphere and into orbit at hypersonic speeds. The NASP program has also contributed to these technologies, generating important advances in composite materials and fluid dynamics.

The dramatic changes under way in Eastern Europe presage changes in the international environment and in the security needs of the West. The development and application of technology to support changing defense and foreign policy requirements in such areas as arms control verification technologies, intelligence collection, analysis and protection, and command, control, and communication capabilities are key OSTP concerns.

Life Sciences

The life sciences have made enormous progress during the last decade, yet they still represent a frontier with major advances already on the horizon that will dramatically enhance our quality of life. While research into diseases such as AIDS captures much attention, many other areas of investigation will also have a sweeping impact on our population: e.g., efforts to understand and ameliorate the effects of aging.

President Bush has designated the 1990s as the Decade of the Brain to focus needed public and scientific attention on the multidisciplinary efforts required to continue our progress in understanding mental illness, addictive disorders, and treatments for diseases that affect the brain. OSTP will be coordinating the activities of the individual federal agencies responding to this new initiative.

OSTP will also be concentrating on the human genome project and on biotechnology within the life sciences. In the coming year, for example, OSTP plans to examine the federal investment in biotechnology to identify those areas in need of attention. One such area is generic applied research involving technologies, such as scale-up technology, large-scale culture systems, and protein design, that have broad benefits. Another very important issue is the need for training the next generation of biotechnologists.

Global Change

Global change is one of several issues that highlight the increasingly interdisciplinary nature of science. At the federal level, this interconnectedness calls for an increasing number of R&D programs that involve different agencies and scientific specialties. The degree of success of the global change R&D program in predicting atmospheric temperatures, for example, will depend on effective communication between these specialties.

As our depth of knowledge increases, effective communication among scientists in different disciplines becomes ever more critical. OSTP will play an important role in facilitating the necessary cross-fertilization among scientific communities.

The global change area is one where the effectiveness of the FCCSET mechanism has been demonstrated in striking fashion by the activities of FCCSET's Committee on Earth Sciences. This Committee has carefully coordinated and integrated the activities of eight federal agencies into a national research plan aimed at greatly improved understanding of the phenomena underlying global change.

Because this is truly an international matter demanding international resolution, and because the President has made it clear that in this area--as in all others -- U.S. national policy must be based on sound science and sound economics, he will host an international White House Conference here in Washington on April 17-18 of this year that will bring together the three senior government officials in science, economics, and the environment of each of the participating countries. The goals of the conference will include sensitizing these three communities to each other's activities, focusing on the gaps and uncertainties in current scientific and economic understanding, improving the analytic tools and data required to address problems of global change, and developing at least an initial framework for international research that draws on the resources, expertise, and data of all of the participating countries (this framework will parallel, in part, the national plan developed by the Committee on Earth Sciences).

International Science and Technology

The results of basic research have always been a global resource adding to the knowledge base and ultimately to the economic prosperity of all nations. While the social rate of return on investment in basic research is very high, benefits do not accrue only to sponsoring countries or governments but rather to the world at large. This being the case, where possible, nations need to coordinate planning and support for basic research, as in the above example of global change. Coordination is especially needed for projects that require extraordinary financial commitments, such as the Superconducting Supercollider, Space Station Freedom, and mapping of the human genome, and that involve science and engineering talent from many nations.

OSTP is developing a framework for dealing effectively and comprehensively with the challenges of coordinating science and technology on a global scale. This comprehensive approach will be addressed within the FCCSET structure. Existing bilateral science and technology relations with countries and regions such as Japan and the European Community will play an important role in this effort, as will emerging cooperation with the Soviet Union, Eastern Europe, and developing countries.

Science, Mathematics, and Engineering Education

Education at all levels needs to be revitalized. This revitalization involves not only the training of our scientists, engineers, and technical workforce but also the education of a population sufficiently literate in science and technology to deal with the social issues arising from rapid scientific and technical change.

Achieving such a goal will require a broad-based approach involving businesses, academia, educational organizations, and State and local governments. For example, businesses are playing an increasingly important role in the training and retraining of our workforce. Junior colleges and technical schools provide a means of upgrading the skills of our youth and workforce. And last but not least, the precollege level is where life-long interests in science and mathematics are aroused, if they are to be aroused at all.

Through FCCSET, OSTP is developing a framework for interagency coordination and collaboration for mathematics, science, engineering, and technology education. The goal is to develop an effective and appropriate role for the federal government in support of the states, localities, and universities as they reform science and technology education.

CONCLUSIONS

Though the FY 1991 budget covers a wide range of R&D activities, several underlying themes unify the Administration's science and technology policy:

- The first is to preserve the initiative, independence, and creativity of American scientists through a stable multiyear pattern of funding for basic research and continued real growth in federal R&D funding.
- The second is to foster a more efficient and effective coupling between R&D and commercial production.
- The third is to ensure that the best scientific advice is an integral part of all policy decisions on the environment.
- The fourth is to contribute to international cooperation through international support of large science projects such as the Superconducting Supercollider and the Space Station, along with international cooperation on a wide range of other scientific endeavors.
- Finally, a key goal is to improve national literacy in science and mathematics and meet future requirements for trained people in science and engineering. This is essential for our future economic prosperity in an increasingly technological and competitive world.

Chairman **Sasser**. I stated at the outset that we have limited resources, and we have got to make some tough choices and assign priorities.

You have indicated your dedication to university-based research with small research teams operating, and I certainly endorse that concept.

I am somewhat disturbed by the amount of funding that is absorbed by a few large projects in this budget that is presented to us by the President.

For example, the superconducting super collider is the largest science project ever undertaken, I suppose, in the history of man, if I am not mistaken.

Dr. **Bromley**. That is correct.

Chairman **Sasser**. It is the largest civil construction project, I am advised, that this country has ever attempted, and the sheer scale of this project is daunting, to say the least.

Now, our staff here took a look at this project, went down and talked to a number of people about it, and they have come back raising some concerns. And after reviewing their proposal, I share some of their concerns.

In reviewing your recent testimony before the House of Representatives, I gather that you share some of these concerns also.

My primary concern centers around the fact that we are moving down the path on this very expensive project without having done, it appears to me, sufficient research and development to be sure we can move forward.

I have been told that, for example, not a single dipole magnet has been met which meets all of the design and performance criteria that are necessary to make this project a success.

I have also been told that industry will have to manufacture these magnets but that we don't even have a prototype of the magnets yet they are really the lifeblood of this project.

We learn now that the design of the magnet has been changed. We hear that we are going to face at least a $2 billion cost overrun. And that in itself I think is probably as much or more than the entire budget for the National Science Foundation.

What is going on with this project, Dr. Bromley? Can you sort of give us a rundown here?

Dr. **Bromley**. Thank you, Mr. Chairman.

First of all, let me say that this is indeed the largest scientific project that has yet been proposed, and I think it is one of the most important. This is a project that, on completion, will give us access truly to some of the most fundamental knowledge about our universe, ourselves, our place in that universe, and it is truly at the frontiers of human understanding.

Now, having said that, I recognize that we have an obligation, particularly in my office—it is after all a project that has been approved by the last administration, it has been approved by this administration, it has been given strong support in the Congress—I view it as my responsibility, working with you, working with the Department of Energy, working with many other people, to ensure that in fact this project is brought to a successful conclusion—that it really does what we all want it to do—that will make it absolutely unique in the entire world.

If we accept that as a goal that has been established by both the administration and by the Congress, then I think it is very important for us to manage that project and make sure that it moves forward in a very careful and well-understood, well-articulated fashion.

I have confidence in Jim Watkins and his people in the Department of Energy to make sure that that management will be in place. I share the worry that you have mentioned but I think perhaps the situation is not quite as bad, sir, as you had indicated. It is not that not a single dipole has worked, it is simply that we have not had industrially produced dipoles that have come up to specifications. So far we have had magnets fabricated by groups of Ph.D.s. And for a system that requires more than 10,000 magnets we simply require industrial production. It has been, from the beginning, my contention—shared by a great many other people, that it is very important for us to demonstrate, early on, that we in fact can produce industrially, reproducibly, and reliably the magnets that will form such a critical part of this very large facility.

You have asked about what is happening in this year and noted that the funding that the Department of Energy has requested—$318 million—is less than had originally been considered.

But I believe that the division and the decision made in the Department of Energy is a wise one. The budget that has been proposed will make it possible to move forward with the work on these magnets, and I am completely convinced, sir, that this is a soluble problem; it is not a show-stopper in any event.

But I agree that it is something that we must demonstrate. I believe we can demonstrate it in this coming year. But the important thing is that we should not get too far ahead with other aspects of the project until we see that demonstration.

Chairman Sasser. I quite agree with you, and an independent appraisal has indicated that we need to do the research and development on the question of whether or not we can fabricate these magnets, whether or not industry can fabricate these magnets in significant size or quantity or quality to accelerate the particles enough to get the job done.

Dr. Bromley. Yes.

Chairman Sasser. And I have seen an independent study which says it's going to take us until 1992 to complete these research and development to see whether or not we can do it.

Now, my problem, Dr. Bromley, and I don't disagree with a thing you have said, but my problem here is I see us moving forward with this enormous construction project when we are not sure that the heart of this project, which are these magnets, are actually producible.

Now, we ran into trouble on another project at Brookhaven National Laboratory when we built the tunnel before we built the working magnets. And it would appear to me that experience has taught us that we ought to finish the R&D before we actually start construction.

We have a $2.0 billion cost overrun already that is announced, and I have had some experience with these projects in the 13 years that I have been here, and these cost overruns don't stop, they simply get worse.

Realistically, don't you think that this program ought to be brought up short until we can determine whether or not we can actually manufacture these magnets or whether or not it's going to work?

In other words, I hate to see us pouring all of this concrete, building the 54 miles' worth of tunnels, perhaps crowding out other physics projects, and we get 2 or 3 years down the line and we say, "Gee, these things just aren't going to work"?

Dr. **Bromley**. Mr. Chairman, that scenario is not one that particularly worries me, for this simple reason: I believe that the $318 million that the Department of Energy proposes to make available to this project during this fiscal 1991 period is going to be sufficient and that the timing is such that during this period we will be able to demonstrate what you have requested.

And the important thing to emphasize, too, is that the difference between the original amount requested and the amount that actually now is being made available was put to, in my view, extremely good use in operating existing facilities because the worst thing that could happen to us, Mr. Chairman, would be to complete this machine and find that we have no young people—or very few—in the field waiting to use it.

What was done in the Department of Energy was to make some of that funding available to operate our existing facilities, like Fermilab, SLAC, and Brookhaven for an additional 6 weeks during the year to train more young people in the field. That part is good.

But if you look at a project of this scope, Mr. Chairman, there are so many things that have to be done in terms of design and development before you actually start digging tunnel that we have the time between now and next budget cycle, the 1992 budget cycle, to do what we all recognized as necessary from the beginning.

The initial cost estimate of this facility was based on a conceptual design study. I think that all of us who have worked in experimental work—I have been at it for 40 years before coming to Washington—recognize that when you bring in the true professionals and you say, "You are going to build it," those professionals look at the conceptual design study and they always find that there are things that—because it is their reputation that is going to be on the line when it's finished and their guarantee that it will really work the way it's supposed to work—they will always be a little more conservative than the conceptual design group.

The worst thing we could do would be to build a facility that would cost a very large amount of money and then not produce the kinds of results and the kind of performance that is crucial to the whole process.

Chairman **Sasser**. I couldn't agree with you more on that, Dr. Bromley. That is the reason I am expressing these concerns.

My time has expired. We may come back to this. Let me call on Senator Domenici now, please.

Senator **Domenici**. Thank you very much.

Let me start by once again urging that you do better next year with reference to the separate budget document that you are going to do on science research and science within the budget.

Dr. **Bromley**. Yes.

Senator DOMENICI. The National Academy, responding to the Congress and the budget resolution, came forth with a format for including in the national budget a budget on science and technology that takes everything out of the line agencies and puts them into a science budget.

You have committed to that.

Dr. BROMLEY. Yes.

Senator DOMENICI. You didn't get a chance to do it thoroughly this year.

Dr. BROMLEY. That is correct, sir. But we are committed to giving you that kind of crosscut across the entire agency spectrum, in a great many of the areas at least, next year.

Senator DOMENICI. I might say to Senator Wirth, who is here, this would affect the area that you have been concerned with, global warming research. If and when we have a science budget addendum to the national budget, they would take all of the research out of the line agencies of the government and put them in one place so that somebody could look at global warming research and find from whence it comes in the Government. It would be documented in one place and you would know it would be there for many other scientific programs that are spread out in the huge Federal budget.

I think that gives us a better chance to prioritize, because we can't prioritize when we don't even know where the programs and funding are. At one time we didn't know how much money was in global warming. We had to have somebody go out and look through everything. We found there was a lot more than we thought.

We hope that they will have a science addendum to the budget in the near future.

Let me raise two other questions. While I am a staunch advocate of basic science, I want to express a concern. Frankly, Dr. Bromley the world can be envious of America's basic research, but I honestly believe that the competitive world of commercialization has changed so rapidly that we are not going to have the resources to support this gigantic, pride-filled basic research if we don't find a way to turn science into projects and products of the marketplace in some better way.

I submit you might be on the right track with your notion of enabling technology. I am convinced that the science is there, but American companies no longer get it on board as soon as they did 40 years ago. In the gap time, other countries get it.

Dr. BROMLEY. Yes.

Senator DOMENICI. And the problem, Doctor, is how do we encourage American business to invest in that enabling period? If American research money by private sector companies is down, they are looking around for proprietary capability, and they will choose a targeted research that will get them a product over enabling funding that will get the concept into something we can use.

I believe this is a very, very big-ticket item for America's future. It is almost a cultural change.

Dr. BROMLEY. Yes.

Senator DOMENICI. It also would utilize public instrumentalities, like laboratories that are funded by the Nation, if we could find the cultural way to bridge the gap and get it funded. I don't know how.

You talked about new and innovative arrangements. I am hopeful your industrial men will give us some ideas.

But I guarantee you, if we can find a way to do that, you are going to get a lot of support from the Congress on ways to fund or cause it to be funded, even if it is new changes in the tax law for the private sector or some changes in the antitrust laws.

We have to bridge that gap of going from materials to processing them where it's usable, and nobody is going to carry that out anymore except the few very giant companies in America.

Dr. BROMLEY. I agree with you totally on this, Senator, and I look on this as one of the major challenges that my office faces. It is for just this reason that I have brought in Dr. Phillips. It is for this reason that we are making common cause with the Department of Commerce, with the Department of Defense, with the Department of Energy. I think by working together we do have the science however, in that, we do have the technology. You are entirely correct, the problem is getting it out there where it will be utilized in a timely fashion.

Senator DOMENICI. My last observation on this. I know this would be difficult—and you have been a great scientist so you will understand the nuances—but what if you could take the National Institutes of Health, the national laboratories, all of those instrumentalities that we are funding and begin to develop a scorecard of some type as to how are they effecting new products of commercial value. Some of them wouldn't like that because they are supposed to be random researchers. But I tell you, people like you understand that we need their giant science for turning things into commercial value.

Dr. BROMLEY. Yes.

Senator DOMENICI. Even the National Institutes of Health know that they aren't doing a very good job in going from research to products, and we have to have them all start thinking about and doing that. I don't have any big ideas on it, but maybe you can push them all, since you are a scientist whom they would respect.

Dr. BROMLEY. Well, Senator, I can tell you first that we are right at the moment revitalizing and restructuring the Federal Coordinating Council for Science, Engineering, and Technology (FCCSET), and one of the major goals that I wish to assign to that Council is doing the kind of thing—in many areas—that you have been discussing. I think that that will make a major difference in many of these areas.

Second, one of the weaknesses of the FCCSET structure has been the fact that there was no provision in it for getting private sector input. To that end I am delighted that the President has just announced the creation of his Council of Advisors in Science and Technology. We met for 3 hours with the President at Camp David on February 3, and had an excellent meeting.

We will be meeting on a regular monthly basis now and will be putting together panels—drawn entirely from the best people in the private sector—that in many cases will parallel the committees under FCCSET that are intragovernmental. Since I chair both groups, I will have the ability and the responsibility to bring them together to emphasize the kind of point you have; it is one that I share deeply.

Senator DOMENICI. Thank you, Mr. Chairman.

Chairman SASSER. Thank you, Senator Domenici.

Senator Conrad.

Senator CONRAD. Thank you, Mr. Chairman.

Welcome, Dr. Bromley.

I too am a Senator who is very concerned about the research and development efforts of this country.

The first chart that was up showed the trend lines. If we could put that back up, I would appreciate that—the trend lines between our country, Germany, and Japan.

It highlights, I think, for many of us the longstanding concern that the U.S. competitive position continues to decline. All of the indicators, whether we look at the educational system, we look at economic growth, we look at research and development, which is an indicator of future competitive position, tell us that we have got a growing problem.

So I appreciate the basic direction when this budget takes, even in a difficult time when we are asking for a substantial increase. And I have no doubt you played some role in that, and I want to commend you for that. And I think we should redouble our efforts in this area.

If the United States is going to hope to be competitive, we cannot allow Japan and Germany to outstrip us on basic R&D. At the same time, we must be vigilant about how we spend those limited resources that we have. And in that regard, I look at the big projects and become increasingly concerned when I see cost overruns of the magnitude that we are now presented with.

First, on the superconducting super collider, originally we were told that this project would cost just over $5 billion. Now I am told that that project will be close to $8 billion.

Are those numbers roughly accurate?

Dr. BROMLEY. I think those numbers are roughly accurate. But I would caution you, Senator, that we are right in the phase where we are moving from a conceptual design-based estimate to one that is based on the work of the real professional group that is going to build the facility. Admiral Watkins has emphasized, I think quite correctly, the fact that he and his associates in DOE are scrubbing these numbers very carefully now because they recognize, as we all do, that it is vitally important that the number that they bring forward to you—reflecting the changes in the bore diameter of the magnet, in the energy of the injector, and so on are stable, realistic numbers that the agency and the project can stand by in the future. We don't want to see surprises and changes any more than you do.

Senator CONRAD. Well, I would just say to you that we have already seen some pretty nasty surprises here; $2 billion before we even start building the project is a pretty nasty surprise.

I would just ask you this: DOE has built six of these machines since 1970, and three that used superconducting magnets all experienced significant delays and cost overruns. In fact, one of those was ultimately terminated.

Given that rather dismal history, what is it that should give us comfort that we are not going to experience this same kind of thing with respect to this project, especially given the fact that we already face a $2 billion overrun before we even start building it? What has changed at DOE that should give us comfort?

Dr. **Bromley**. I think there are four things, Senator, if I could just tick them off:

The first is the fact that I mentioned previously, when you talked about the original price estimate which I quite agree with you was based on what could really only be classed as quite a crude conceptual design study.

Senator **Conrad**. Can I just interrupt you to say that we were told at the time that that was the most careful bottoms-up estimate that they had done on a major project and that we were further told to make sure we weren't going to be faced with a nasty surprise they put in nearly a billion dollar fudge factor. And all of that is gone, plus they add $2 billion.

Dr. **Bromley**. Sir, I won't argue with you. I have been responsible for presenting too many accelerator projects of my own, in an earlier incarnation not to know that in the first presentation you do not necessarily get all the pieces in. It does not really surprise me, I regret to say to you, sir, that when the professionals who are actually going to build the project look at it, the price comes up some. I would set that a little to one side but can argue about it.

But let me now talk about what has happened. The first thing that has happened is that the science of superconductivity and of superconducting magnets has advanced dramatically in the period since, the period of Isabel—or "Wasabel," as it became. We have really remarkably good work going on both in Europe and in Japan on which we can draw—in fact, in my view, we must draw on—because it has now been demonstrated that it is quite possible to make superconducting magnets industrially in large quantities reproducibly. That has been done.

What we have to do is to make sure that we can make the specific magnets that we need for SSC industrially, reliably, and reproducibly. I am convinced that we can.

The second point is that the management of all the prior machines that you have discussed was done within the physics community. And as a physicist, of course, I share some of the arrogance that characterizes our breed. But we have up to now been able to do the management, do the science, do the design, build the device, and eventually make it work.

Quite frankly, with something as big as the SSC, I don't believe that that approach makes sense. And that is a view that is shared I know, by Admiral Watkins and shared by many of you gentlemen.

It is quite clear—and I believe in fact that just this morning, although I don't know who won, the prime contractor has been selected for this JSC project and we are going to get someone who has a demonstrated track record, over decades, of taking large projects and putting them together and keeping people from changing the design every few days when they learn of something that might be just a little better—and running the cost out of sight. What we need here is ironclad management.

Senator **Conrad**. Well, Dr. Bromley, let me ask you on that point, within the last 2 weeks you are quoted as saying this: "We are pushing technology to the absolute limit. It will require tons of superconducting materials."

Doesn't that tell us, if we are pushing technology to the absolute limit, that we can expect further cost overruns on this project? I mean, if we are just being honest with each other and with the American people, if we are pushing technology to the limit, we have already had a $2 billion cost overrun before we ever started, aren't we going to expect even more?

Dr. **Bromley**. I really do think that we do not need to expect more surprises of this kind, Senator, for this reason: in this budget period that we are discussing this morning—fiscal year 1991—we have requested $318 million—we are asking you to provide $318 million—and it is that particular investment that I look on, drawing on what has been done in Japan and in Europe in particular, that allows us a high degree of confidence. But it is also quite true and I stand by the statement, we are pushing technology to the limits, but so have our colleagues in France, in Germany, in Italy, in Japan, and by taking their input with our best people, I believe that by the end of period we are discussing, we will have taken care of the leading-edge technologies and we will then be into a project where we simply are constructing something in the same way that we construct a battleship, we construct a bridge, we construct a port, we construct something that one of the major firms in this field knows how to do.

Senator **Conrad**. Let me ask this: Did you also say that—you are quoted as saying, by the Associated Press—that it is prudent not to move forward until such time as we have demonstrated that we can make the magnets industrially?

Dr. **Bromley**. What I said was that it was prudent for us not to move forward to major civil construction until we could prove that we could make the magnets for this machine industrially, reproducibly, and reliably.

Senator **Conrad**. All right. Let me ask you one other question. Deputy Energy Secretary Moore is quoted as saying that, "We know we can't get the additional money in these times of tight money, and we simply can't go back to the Congress 6 months after promising it would be one amount and tell them it's going to be something else."

Do you agree with the sentiment that the deputy secretary indicated?

Dr. **Bromley**. As I indicated before, Senator, I think it's very important to keep in mind the fundamental fact that we are embarking here on a very major national commitment and it is vitally important, in my view, that we not, for some specific budgetary reason, say, "Look, we will build the thing but we know in advance that it's not going to be much good." That would be, in my view, a real mistake.

What we are seeing here, and I keep coming back to this—is that when the people who are actually going to build this machine have been assembled down—and we have the world's best group, I believe—they have come up with some changes in the design.

This is not because we couldn't do the technology, this is simply because a very knowledgeable group decided that we needed a larger injector to stiffen up the beam as it is injected into the 54-mile racetrack and that we needed a slightly larger aperture in that racetrack to be certain that when we got all done, that we would have the facility that would do what was required and what we said it would do.

I think that is wise. It is a different question, I would submit to you, sir, when you ask are we going to screw up the technology as we go along and have to come back and say, "Well, we've had to fix this and fix that, and we're going to change the design here and each of these changes has an additional cost related."

Quite frankly, if we had a group of physicists in charge it would not surprise me to see something of that sort happen. I have done it myself!

But the whole point of this operation is that we are turning this management over to real professionals who know how to get something in under cost because they don't let folk like me get in there and twiddle with the dials.

Senator CONRAD. Dr. Bromley, let me just ask you a final question: Are these the same professionals who have been working for the Air Force? [Laughter.]

Who, it was revealed this morning, haven't kept track of costs and we have got tens of billions of dollars that has been spent that they had no idea that has been spent? Are these the same group that we are turning this project over to?

Dr. BROMLEY. God forbid. [Laughter.]

Senator CONRAD. Well, Mr. Chairman, if I just might, a final point. I read this article by Freeman Dyson, a professor of physics at Princeton, and I would just quote. He says, "If a decision to build the super collider means that we give up the aggressive pursuit of laser acceleration and other innovative technologies, then the super collider may become as great a setback for particle physics as the space shuttle has been for space science."

I won't ask you to respond because we have run out of time. But I deeply hope that we are not hell-bent in the pursuit of a project that turns out to be a great hole and one that sucks up resources that could be used more productively elsewhere. And I very much fear that we are headed in that direction, given the track record to date, with the $2 billion cost overrun before we ever start.

Chairman SASSER. Thank you, Senator Conrad.

Senator Grassley.

Senator GRASSLEY. Dr. Bromley, I want to start with the administration's interest in stimulating new technology, technology transfer, and transfer developments. And for the record, not to take the time now, I would like to have you cite for me in writing some civilian as opposed to defense initiatives that are directed to that goal.

Dr. BROMLEY. I would be happy to respond, sir.[1]

Senator GRASSLEY. So that we would have a fairly exhaustive list to look at, as exhaustive as you can.

Dr. BROMLEY. Thank you.

Senator GRASSLEY. Second, what role will the Department of Commerce's technology administration play in meeting the goal?

Dr. BROMLEY. As you know, Senator, the Department of Commerce has a new position—the Undersecretary of Technology. They have not succeeded in filling that position, although a very highly qualified candidate, I understand, is about to be nominated.

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[1] See response on p. 411.

I have been working closely with Secretary Mosbacher and Deputy Secretary Murrin and will be looking forward, as will my Associate Director for Industrial Technology, to working with this new Undersecretary.

We believe that we have a great deal of common cause between my Office and the Department of Commerce, and we also believe that it is very important for us to use the mechanisms that have already been demonstrated to work in interfacing with industry. I believe that what we all used to call NBS, the Bureau of Standards—and now called NIST—is such an institution.

I am working with the Commerce Department now to see what we can do to strengthen NIST's activities much before the 1991 budget, in fact, and perhaps even to think about reprogramming some support within Commerce to put more emphasis on what we can do through that agency to make contact with the industrial sector and aid in our civilian competitiveness area.

Senator **Grassley**. At this point, then, can I conclude that it is not very well defined yet?

Dr. **Bromley**. It is not terribly well defined yet, you are quite right, sir, because the key people who will be involved in developing the detailed plans are just coming aboard.

Senator **Grassley**. All right. But you will have a lead role in that as the President's science advisor?

Dr. **Bromley**. I will indeed.

Senator **Grassley**. OK. It is very important to me to know what these goals and intents are both for the Commerce's technology administration as well as the National Institute of Standards and Technology.

So let me say that if there is anything more definite on reflection that you could have given me at this meeting, I would also like to have whatever is definite at this point on those goals and intents. I would like to have those in writing as well. It is pretty important for me to know early on if there is an established policy, to know what those are.

Now, compared to the overall proposed R&D budget of $71 billion, there does not appear to be much in the budget request in the general area of technology development, at least as represented by these two offices, the NIST and Commerce's technology administration.

If it's possible, can you help me pinpoint the money and programs available or devoted to technology development and technology transfer?

Dr. **Bromley**. Across all agencies, sir?

Senator **Grassley**. No; just Commerce. And would that be more defined than what you said was the case: that the goals and intents aren't quite defined yet?

Dr. **Bromley**. I can certainly say that Commerce, too, is working, right now working hard, at defining its program in many of these areas. I would not for a moment say that they don't already have a lot of programs in place and well defined that we could get for you. But there is a way to go yet, and we have more ambitious goals than the President's budget might indicate in this area.

Senator **Grassley**. I would ask you to be as definite as you can, then, in written response to that question as well.[1]

Let me move on to a second major concern because I had two concerns. One was Commerce's role in this whole thing, and I want to identify as best I can what programs might be available, what the goals are there.

And then the other one is the subject of geographical distribution of the infrastructure in science research.

In my State we are struggling to build our scientific capabilities and have had some difficulty in gaining Federal support for new facilities and new initiatives related to science infrastructure.

Now, I believe that geographically this is not broad-based. That is where I am coming from. And it has been concentrated in a few areas of the country.

Could you tell me, if you are inclined to—not to tell me, but inclined as a matter of policy—if there are any special steps that you are going to take to assure that all parts of the United States are encouraged and supported to build their science and technology foundations and to work towards the attainment of technology-based economic development?

Dr. **Bromley**. Yes, I would be happy to answer that, Senator. The short answer to the end of your question is: Yes, I look on this as a very high priority.

But let me go back and be more specific. First of all, I think one of the problems we have in this whole question of geographic distribution of funding in this country reflects a myth that we have lived with in the postwar period. The myth has been that federally we do not support higher education, we simply buy research at universities. And, indeed, we are the only developed country that expects our universities, our research universities, to produce not only the new knowledge but the young people trained to use it.

And this myth, I think, is now beginning to serve us badly because, first of all, we must recognize that over 75 percent of all the young people in this country go to college within 50 miles of the place they were born. That being the case, I believe that we have a very real responsibility to make available very-high-quality educational opportunities on a broad geographic base.

Second, there is then the question of the research support. The research support mechanism that was developed immediately after the war, back in 1946, by Dr. Mannie Piore and Captain Robert Conrad in ONR—that has given us the world's strongest science and technology enterprise—focused on one very particular thing: It focused on finding excellence and supporting it wherever it was found. This tends to lead to the kind of concentration that you described, unless we do something to help new centers of excellence develop across the Nation.

I would submit to you, sir, that the EPSCOR program, for example, in NSF, is directed toward doing just that, and I have the goal of seeing that program expanded, perhaps beyond NSF as well, because we do need to have programs in place that will lead to centers of research excellence as well as educational excellence more broadly distributed.

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[1] See response on p. 411.

But I would add a caveat: that putting support in to do lousy research doesn't do anything for education nor does it do anything for economic development. Fundamental to my thinking is that we have to spread the distribution of excellence and then support it so that it can grow wherever it is, but even before that we have an absolutely basic responsibility to provide high-quality educational opportunities on a more geographically spread distribution than we now have.

Chairman SASSER. Thank you, Senator Grassley.

Senator Sanford.

Senator SANFORD. Thank you very much, Mr. Chairman.

Dr. Bromley, I am delighted to see you in this position and the people that you are bringing in with you, and I think maybe this is the first time your office has been used as fully as it is being used now. And I think that is a very good sign.

Now, Senator Grassley is on a point that I think is crucial as we look at science policy. My own State has one of the great research universities which has become run down in terms of its available instrumentation and facilities, and looks to Washington, like a lot of other universities, and I totally understand it, looking for earmarks.

Dr. BROMLEY. Right.

Senator SANFORD. I don't agree with that as a national policy, but I can't fault the Iowa State president, whom I know, in attempting to get that kind of money because where else will he build a stronger university back to where it was?

Now, I am not really worried too much about these figures that we saw on the chart that Senator Conrad called back up. I am much more worried not with that comparison, because we are talking about percentage of GNP, but I am disturbed by the fact that nondefense R&D decreased in the 1980's considerably and just now, in 1991, comes back up to what it was in 1980.

That, of course, is Iowa State's problem and other universities' problems which I want to focus on to the extent I have time.

I am also concerned—fascinated—that the defense during that period, defense research and development, has almost doubled.

Now, one quick question: Can you get that money back and more generally distributed? [Laughter.]

Dr. BROMLEY. Let me say, Senator, that I certainly am trying. I have been trying to convince the leaders of the Defense Department that it would be in their best interests—and the Nation's—if they were to double the fraction of their R&D that supports basic research and technology. Let me back off a moment and simply indicate that in defense R&D it's very important for us to keep in mind that something like 92 percent of the total is earmarked specifically to certain weapons systems and it doesn't follow the normal definitions.

Senator SANFORD. I understand that, and I didn't really want to pursue that too much. But obviously our priorities have to be readjusted if we want to do all of these things that the National Academy's report recommends that you have already started implementing.

Dr. **Bromley**. Yes.

Senator **Sanford**. One of the four basic recommendations was that there be more money put into science and technology base.

Now, I assume that we are talking about the same thing when we talk about the base. We are talking about Iowa State and we are talking about Yale and we are talking about Southern California and we are talking about a number of universities. We are also talking about the national labs.

Dr. **Bromley**. Yes.

Senator **Sanford**. Now, do you think we are neglecting universities or have we in the past neglected university potential in favor of the labs?

Dr. **Bromley**. I wouldn't put it quite that way, Senator, but I would say that since the mid-1980's there have been a number of studies of the university infrastructure problem. David Packard and I were involved in one. Don Fuqua, when he was here in the House, was involved in another. There have been several. All have indicated that throughout the period from the late 1960's universities have been belt-tightening, while their infrastructures have been allowed to deteriorate; they have also deferred maintenance. They should have known better in many cases; I give them some blame. But they were protecting what they felt was their most important resource: their people.

The fact of the matter is that we now face a national problem that everyone more or less agrees amounts to something like $10 billion over a decade and most people are recommending that the problem should be resolved by a 50-50 Federal-private sector contribution—a major contribution.

As I see it, there is something very important involved: We have to change the university philosophy here. What we need is a catch-up program to put our universities back to a reasonable state of infrastructure and then make them self-supporting and self-sufficient thereafter by having realistic amortization schedules on buildings and equipment, for example, realistic use charges, and the like, to make it possible for them to conduct their business on a self-contained basis thereafter.

Senator **Sanford**. Now, you refer to not wanting to do shoddy research, and obviously we don't want to do shoddy teaching based on shoddy research. Looking at the resources of America, not seen in these charts, tremendous funds spent, at Yale, for example, the very base of the university made it possible for your lab to operate with much less Federal costs and other costs than otherwise.

Over the centuries, money has gone there to lay that base down. But to build it back up, how many universities would you say offhand are capable of building up to a competent research level?

Dr. **Bromley**. This is an absolutely marvelous way to make enemies.

Senator **Sanford**. Sure. [Laughter.]

Dr. **Bromley**. But there have been studies, for example, by both the American Chemical Society, and the American Physical Society, to take two of the major scientific societies that we have in the country, and they have found, that in terms simply of research and of production of professionals, (Ph.D.s) that something substantially over 80 percent of the output comes from the top 20 producing universities.

But the fact is very different when you ask questions about the student input to those research universities; the bachelors graduates who go on to do those Ph.D.s and to do that research are drawn from a vastly broader spectrum.

Senator **Sanford**. Who need the right kind of instrumentation and equipment.

Dr. **Bromley**. You indeed need that or these institutions will never attract the youngsters into careers that will take them to research and to the advanced degrees.

Senator **Sanford**. And, Mr. Chairman, if I may just add one sentence to top that off because Senator Grassley is making the point that part of the reason that 80 percent goes to 20 universities is that we haven't had a policy that took into account that we needed to broaden the research base across the Nation, which is something perhaps we would like to talk about later.

Thank you.

Chairman **Sasser**. Thank you very much, Senator Sanford.

Senator Gramm.

Senator **Gramm**. Thank you, Mr. Chairman.

Dr. Bromley, let me begin by thanking you for your excellent statement today. Your job is vitally important in being the point man for the President in science and technology in the future.

Our problem in Congress is we have little in the way of political constituency for the future, so Congress always invests in the next election and not the next generation, as evidenced by the fact that we have cut funding for science and technology in space relative to what the President has requested every year for the last 4 years.

I want to also thank you for your statements about the SSC because I think it is really the centerpiece of our commitment to the future and commitment to develop technology that can mean hundreds of thousands of jobs in the 21st century. And again, the people that are going to get those jobs don't know who they are. The products that are going to be generated that will change the whole landscape of the world are unknown at the moment. And trying to generate a substantial investment for the future is always very, very difficult.

Let me begin with sort of picking up on the final points made by one of the early speakers. Do you view the space shuttle as being a setback for space science?

Dr. **Bromley**. Not at all.

Senator **Gramm**. I view it as a revolutionary development, and I question the judgment, if not the sanity, of someone who would say that it was a setback for space science. In fact, our primary competitor in space, the Soviet Union, thought so much of it that they built a copy of it, which is the ultimate flattery.

Given that we are looking as we move from the conceptual design to the engineering blueprint to build the SSC, we are looking at an increase in cost, moving from $5.9 billion maybe to over $7 billion, though we're still scrubbing the number.

Looking at that investment over a decade, is it still your firm conclusion that that investment represents a sound investment in the future of America?

Dr. **Bromley**. Indeed it is.

Senator **Gramm**. Let me talk a little about the whole idea of not having the industrial capacity to produce the magnet.

As I look at the major projects that we have undertaken, the space shuttle being one, the problem of how to deal with the tiles, a critical part, since the shuttle burns up without the heat-absorbing tile. That was a problem that was unsolved not only when we started the space shuttle but well into the project it represented pushing science to its very limit. And the net result was that we developed a revolutionary tile which has now become part of the economic infrastructure of the country and affects everything from space heaters to kitchen utensils.

Do you have any real doubt about our ability to solve the problem in terms of industrial capacity to produce this magnet?

Dr. **Bromley**. No, I do not, sir. I believe that we can, in fact, within the time covered by the budget we have submitted to you take care of these matters and take care of them in fine style.

Senator **Gramm**. Well, I have known a lot of Ph.D.s. In fact, I am married to one. And I am convinced that if Ph.D.s can make these magnets, that the great mass of mankind is capable of doing it better, cheaper, and more reliably. [Laughter.]

And I agree with you that when we move from the theoretical conception to practical engineering problems, that we are moving then into an area where we have a track record, where we have expertise and where we can expect this number to be nailed down.

My own reading, and I would like yours, is that Admiral Watkins is determined to have this be our first major scientific project in the modern era where we have had a bottom-line figure when we started the project and where that figure is still the operative one when it is finished.

Is that your reading?

Dr. **Bromley**. That is certainly my reading. And the Admiral has his experience as Chief of Naval Operations behind him; and I have every confidence that if anyone can pull this off he certainly is that person.

Senator **Gramm**. Now, we are looking at $318 million in the budget. We provided $225 million for the SSC last year. In your opinion, is this $318 million, if provided by Congress, sufficient to keep us on target in, (A) dealing with the problem with the magnet, and, (B) staying roughly on our construction program to have the SSC operative by the turn of the century?

Dr. **Bromley**. I am assured by not only the senior people in the Department of Energy but also people down on the site in Texas and by people whom I respect in the community involved, that this is the case—that we will stay roughly on the time line and that this is the funding that we require to do the job in the period fiscal year 1991.

Senator **Gramm**. So I guess I would be stating the obvious if I said after having spent many years building up the great scientific reputation, that you are willing to stake that reputation as the President's science advisor on the fact, one, this will be a high-yield investment for the American taxpayer; two, we can deal with the technical problems; and number three, that we are going to construct it within the general framework of costs that we are now talking about?

Dr. **Bromley**. That is certainly my belief.

Senator **Gramm**. I appreciate it.

Thank you, Mr. Chairman.

Chairman **Sasser**. Thank you, Senator Gramm.

Senator Wirth.

Senator **Wirth**. Thank you, Mr. Chairman.

Dr. Bromley, welcome. We are delighted you are here and undertaking all of this.

Just to add to the comments that Senator Domenici made earlier about the science addendum, I think that that is also going to be helpful in assisting us to avoid repetition and overlap of programs and also, I think, for those of us concerned about science to really have a target for greater advocacy. If you can put it all together, you can see where we are in an easier way.

I think the fact that so many Senators showed up this morning, Dr. Bromley, at a time when there are all kinds of other things going on is an indication to you of how deeply concerned so many people up here are on both sides of the aisle about the state of American science. And I would say, if anything, I appreciate the increases in the President's budget and the advocacy there. If anything, I think that's too modest, and I think you may be getting a sense of this here.

Some of us have parochial concerns. The Senator from Texas just expressed some. I am going to talk to you about one myself. But even beyond that, I think that there is a very, very deep concern and commitment, and you have a real constituency up here, and you really have to pick up on that and build on it. It doesn't happen very often. When that window of opportunity is there, I would urge you to take it.

I read your very good testimony in front of the Appropriations Committee on the global change issue. I would like to move, if I might—I know that you are chairing the Cabinet working group, isn't that correct, on global change? And I appreciate the fact that the President has made this one of the most visible, if not the most visible, research issue right now. It is certainly right up there among the top two or three or four.

As we look at this, I think that the institutions that we depend upon in the global research area, in the global change area, and particularly in the modeling area, understanding clouds, oceans and so on, are, as I understand them, there are four central institutions. One is Princeton. The second is Goddard, where Jim Hansen is; right? The third is Oregon State. And the fourth is NCAR.

Dr. **Bromley**. NCAR. Yes.

Senator **Wirth**. Aren't those the four major ones?

Dr. **Bromley**. They are certainly four major centers, yes.

Senator **Wirth**. And you are familiar with NCAR, aren't you?

Dr. **Bromley**. Yes, sir.

Senator **Wirth**. And you have a sense of it. I am struck by the fact that here is an institution that we are depending upon even though it's in my own back yard, I go around the country on these issues of global change and on the program almost inevitably is somebody from NCAR or references to NCAR. I mean, it is really a distinguished institution, isn't it?

Dr. BROMLEY. I think that their presence is there for very good reason. The NCAR group is recognized worldwide as among the leaders, if not indeed the leaders, in the development of the large-scale general circulation models that require the enormous mathematical investment, the enormous skill that is required to make these models perform as they should and to give us the kind of information that is essential. It is one of the leading center worldwide.

Senator WIRTH. And one of the major issues in the global modeling—right—is to try to bring that down, as you pointed out, I thought, very well in your testimony before Senator Mikulski to bring that down to reasonable size; to understand regional differences; to reduce a lot of the uncertainty. I mean, that is one of the primary tasks that we all have, is to try to reduce the uncertainty that is out there.

Dr. BROMLEY. That is one of the tasks, Senator. There are others. Not only do we want to reduce the uncertainty—to be able to make statements on regional bases—but also, and I think at this stage, perhaps even more important, we want to improve these models so that they can provide us with guidance that tells us what the most important things out there are that should be measured, so that we can use the funding that you provide for us in the most efficient way.

Senator WIRTH. The problem we have is that as these issues have become more and more on the horizon, and a higher and higher national and international priority, and as we are making greater and greater demands on NCAR. Just as those curves are going this way, the budgets are going not flat, but they are going the opposite. The curves are diverging, and we have got some very significant problems.

Let me just cite to you some of the things that are going on. The NSF budget, which all of us have struggled to keep up, has increased over inflation. NCAR's budget has sharply decreased—sharply decreased. NSF is going this way—not as much as you and I would like, but it is going up—NCAR is going this way.

On a staff level, NCAR has built this team of scientists which you have been alluding to, and that has decreased by a number of 20. The percentage has gone down by 20 percent. And we have lost also some of the most distinguished global climate people in the country.

Right now, just to stay even—just to stay even—NCAR needs a budget of $52.6 million, just to stay even. The amount of money available is $49 million. So we have just finished a cut of $1.1 million, and there is another $2.5 million coming down the line. The implications of that for further staff reduction and, I can tell you, for morale is absolutely devastating. People are seeing these leading people going, and they are saying, "What is going on? Here we have built this institution. All of these requests are being made." NCAR was just in with you all reviewing DOE's budget, trying to get the overall CES process underway; being asked to do all of these things, but all of the resources with which to do them are being taken away. It just does not make a lot of sense.

Now, let me just—finally—yesterday I took a number of NCAR people down and we spent a lot of time in the morning with Eric Block. In the afternoon we went down, and I asked Henson Moore at DOE to put together a group, which he did, and we focused again on DOE's $30 million package which they are working on; $6 million of it went to the Vic Fazio Memorial Center, I think, in California. But you know, what is going to happen with the remainder?

We have got some very, very significant problems. And everybody brought us back to say, "You have got to talk to Bromley." And I said, "Well, I happily am going to be seeing Bromley tomorrow morning, and I am going to walk through this chapter and verse."

We have got to get some interim help from NSF. We have got to get some help from DOE. The computer technology that we have, that NCAR has, just is not capable. DOE is about to turn back a set of supercomputers to Cray. If one of those could be dedicated to NCAR, that is going to staunch some of the problem. They are turning some back to Cray. That could be staunched by having that transferred instead for the use of NCAR for awhile.

We have got this $3.5 million budget nut right now that is being cut out at a time that demands are going this way, as you and I both know, and it is going that way. It is getting lost in the cracks. We have got to have your help.

Dr. BROMLEY. Fortunately, Senator, I, too, have been distressed by what seemed like an anomalous situation at NCAR, and I can tell you that I have talked, for example, with Bob Correl, who is the Assistant Director at NSF for the environment—

Senator WIRTH. That was him yesterday.

Dr. BROMLEY [continuing]. And with Jim Decker of DOE within these past few days, on just precisely this matter. As I read it, I think that we have a very reasonable possibility of being able to augment the NCAR support, and I think that joint support by NSF and DOE is not out of the realm of possibility.

Senator WIRTH. What we ought to do, yes.

Dr. BROMLEY. It is a matter of concern to me, too, because I look on this as one of the major centers that will provide us the input that we need for policy development in the global change area that will be responsible. I share your concern, and I recognize the problem that you have alluded to so effectively. You can count on my certainly looking into this and trying to do something concrete about it.

Senator WIRTH. We will look forward to working with you. I appreciate—one of the other anomalous situations is here is an institution that also played by the rules. You know, I have resisted pressures to try to go line item for NCAR in the NSF budget. I think that is wrong. I think that is exactly what we should not be doing. We resisted that, but now we are paying the price for it, which again does not seem quite fair.

I have said to them, "You know, that is the way it ought to be done, and let us try to uphold that principle at the same time."

Mr. Chairman, my apologies for such apparent parochial interest. I feel a little bit better hearing Senator Gramm talking about the superconducting supercollider. Parochialism does have a way of rearing its head. But this is also enormously global in nature. Knowing that if we all think globally, we can act locally here, too, and do well. And Dr. Bromley, I appreciate it, and we will look forward to working with you and your staff. Thank you very much.

Dr. BROMLEY. Thank you.

Senator WIRTH. Thank you, Mr. Chairman.

Chairman SASSER. Thank you very much, Senator Wirth. I had seen that bumper sticker, "Think Globally and Act Locally," and I have never known what that meant until just this moment. [Laughter.]

Senator WIRTH. You just saw it. You just saw it, Mr. Chairman.

Chairman SASSER. Thank you.

Senator Symms.

Senator SYMMS. Thank you, Mr. Chairman.

Dr. Bromley, thank you very much for all the enlightenment you have brought to this committee this morning. I received a correspondence from a constituent of mine, and this is a quote from Earl Dunkel, Phonenix Gazette, January 4, 1990, and he says there is a never-ending drumbeat of propaganda designed to keep people in terror of their environment, their lifestyle, their industry, their scientific progress; this propaganda, eagerly abetted by TV and the print media, covers every facet of modern life from global warming to acid rain, and et cetera.

Now he said to confront the foolishness, as I quote: "If you select any year but 1880, the coldest in our modern history, as a base, you get no global warming trend. In fact, the northern hemisphere has cooled since 1938 during the height of the carbon dioxide buildup."

Do you believe that is a true statement?

Dr. BROMLEY. Not quite. If we want to take a look at the United States, for example, there was a very definite apparent warming trend which went from about 1880 to about 1940. Then it cooled from about 1940 to about 1970, and then the trend started back up, 1970 through the present time. And 6 of the 10 hottest years in the century have occurred in the 1980s.

Senator SYMMS. Then the next question is no statistically significant correlation exists between acid rain and acid lakes and waterways. Facts show soil chemistry, geology and land use to be the real culprits. Ironically, weather acidity is always greatest in areas where forests satisfy environmentalists by remaining uncut, unharvested and unburnt.

Now, we had some testimony before the Environment and Public Works Committee by a Mr. Mahoney——

Dr. BROMLEY. Yes.

Senator SYMMS [continuing]. And I believe he is either with EPA or with your shop, I am not sure. What are your comments on that statement?

Dr. BROMLEY. I agree that the point your constituent makes is in general a well-taken one; that there has been scare publicity on many of these issues; particularly in the acid rain area, there have been media reports that vastly overstated the scale of the problem. But I think that there is no question that there is a hard core of fundamental scientific fact that does trace the emission of acid rain precursors from one area of the country to increased acidification on a very local basis in other areas. We can trace that; we know what is happening.

But the problem is that just, as in the global warming area, where no one is yet able to separate, with certainty, the changes that are naturally occurring in the planet and that have occurred for hundreds of thousands of years prior to the industrial age from those that are caused by our CO_2 emission.

The problem is that with respect to these questions where the effect is not large enough to be clearly apparent, one finds very extreme positions. On the one hand, groups that say the sky is falling—we have a tremendous crisis; on the other hand, the ones who say, "forget it, it is not important; it is not going to amount to anything."

My own view is that we have a responsibility in my office and in CEA to try to provide the best science, the best economic analyses, the best fundamental bases for policy recommendations to present on these subjects. I find that more and more, we are working in the middle ground. For example on global warming, I think we would all agree that if we continue to pour greenhouse gases into the atmosphere at our present rate, eventually we would get global warming. When it would occur, we do not know. How big it would be and how rapidly it would occur, none of those things do we know with certainty at the moment. That is one of the reasons we need the models that Senator Wirth was talking about.

Senator SYMMS. What impact would the recent volcano, for example, that has taken place in Alaska—does that have any impact on——

Dr. BROMLEY. It would have nothing other than local effects, I believe. I do not think that the amount of emissions from it are really significant on a global scale.

But the important thing to emphasize, Senator—the thing that I think more than anything else has convinced the nations of the world that we have to take this whole question of global change seriously and address it in a responsible, calm fashion is the ozone hole.

Up until the demonstration of that hole, there was a widely shared perception among professionals and laymen alike that the atmosphere of the Earth was such a huge enterprise, if you will, that there probably was not much that man could do to it, and certainly there was not anything that man could do to it that would affect it on a short time scale.

What the ozone hole has demonstrated, and happily we now understand the science in detail for it, is that man's input to the atmosphere can have impacts, and on a relatively instantaneous basis in terms of geological time scales. That is the thing that I think has brought this whole question to most people's attention; that we can affect our whole planet with what we do.

In this case, it was the CFCs. We now understand how they do the damage. We are committed in this country to completely ceasing both production and use of those CFCs before the Montreal Protocol requires it in the year 2000. That is 25 percent of our greenhouse gas, incidentally, as well.

I happen to believe that we need to do several things simultaneously. One, we have to understand as much as we can of the underlying science and economics, which up until very recently, has not played much of a role in these discussions. Second, I think that there are a great many things that we as a Nation can and should be doing, if you will, as an insurance policy against possible adverse greenhouse effects.

While we figure out what is most probably going to happen, there are things that have other good reasons on their side, like the following: CFC reduction we should certainly do because of the ozone question; that cuts out 25 percent of our greenhouse emission. We should certainly focus on using energy more efficiently. There is no technology at the moment that allows us to burn fossil fuels and not generate carbon dioxide. So if we want to limit the amount of carbon dioxide, we have to use less fossil fuel, which means we have to use electricity more efficiently.

Admiral Watkins and the Department of Energy are moving aggressively to develop a National Energy Strategy that does that. I think also that we have to look forward to reforestation. The President has proposed an ambitious program here through the Department of Agriculture that will produce a sink for CO_2. Again, an insurance policy and something we should be doing anyway. The Clean Air legislation will have a dramatic impact on reducing our greenhouse emissions. And finally, I believe that it is important for us to maintain our diplomatic initiatives with countries like Brazil, to try to work out arrangements that will keep those tropical rainforests that are a unique heritage for all of mankind, not just because of what they do to carbon dioxide, but because they contain some 80 percent of the uncharacterized lifeforms on this planet. If we truly believe, as we do, that biodiversity is critically important in terms of the generations of new pharmaceuticals, new antibiotics, new plant species, new everything, we have to protect that gene pool that is being destroyed at a rate that at present would eliminate it completely in less than 20 years.

Senator SYMMS. Thank you, Mr. Chairman. Thank you very much, Doctor.

Chairman SASSER. Thank you very much, Senator Symms.

Let me just return briefly to the question of the superconducting supercollider, Dr. Bromley. We have seen that cost go from $6 billion now to $8 billion. I am just curious; if it goes to $10 billion or $12 billion or $14 billion, at what figure do we reach the cutoff point on financing this superconducting supercollider, in your judgment?

Dr. BROMLEY. Frankly, Mr. Chairman, that decision, I believe, lies in your hands. [Laughter.]

Chairman SASSER. Well—[Laughter.]

Chairman SASSER [continuing]. I guess you are right about that, Dr. Bromley. I am not sure I would go to $8 billion, and we may not. But there is a cutoff point at some juncture, I think you would agree with that.

Dr. BROMLEY. There clearly comes a point where I would expect that you and your colleagues would not find the cost possible to justify.

Chairman SASSER. Well, of course, we would be relying on scientific input, and many of my colleagues would be looking to you and your office to give us some advice. In other words, these are priorities, and it is very difficult for a layman to assign without some sort of scientific counsel.

And I suppose what I am driving at here today is that in your judgment, where do we reach the point of diminishing returns on financing this large project?

Dr. BROMLEY. I would not find it possible to answer that quantitatively this morning, Mr. Chairman, because at the moment we are not yet far enough advanced into the actual project for me, as a practicing scientist, to feel that I have enough information to make that kind of statement. Secondly, as you fully appreciate, when the decision comes as to whether one can accept a particular cost or not, the science and technology is only a part—and I would say not the dominant part—of the input to that decision; there are economic considerations, political considerations, all sorts of considerations with which we scientists have no special expertise.

We will give you the best scientific advice and experts we can.

Chairman SASSER. Well thank you, Dr. Bromley. You mentioned the question of political considerations, and I suppose that is one thing that concerns me here about this whole question. Politics does play a role in many of these large projects. I have seen that in times past.

But in this one, in this superconducting supercollider, politics appears to me to be playing an unusually large role. Do you believe politics is driving this project to the detriment of science?

Dr. BROMLEY. Not yet.

Chairman SASSER. All right, well, we can stop it right there, and I appreciate your candid answer.

Let me just turn to another subject here, on the question of civilian research and development priorities. We are devoting too large a percentage of our R&D resources for defense activities, it seems to me. The administration claims that investing in R&D is an investment in our economic future. I am pleased that we see an increase in this budget in civilian R&D investment. But I question whether or not the projects we are funding are optimal for achieving our long-term economic goals.

Our scientific research facilities are crumbling. We have Senator Wirth here desperately trying to secure just a few more million dollars for an extraordinarily worthwhile facility in his State. Our children continue to perform poorly in mathematics and in science. The administration unhappily has decided not to increase the, what I consider, paltry $20 million sum for academic research facilities.

Instead, the President has asked us to provide significant new funds for future human travel to Mars, and to continue to pour money into large-scale science projects like the supercollider we were just talking about here a moment ago. We propose to spend nearly $1 billion on space science activities; more on space science activities than on the entire National Science Foundation budget, which is expected to fund academic research facilities and scientific education, among other things.

Now my question to you, Dr. Bromley, Is how can the administration justify these enormous sums for space science, for initiating a $400 billion Moon-Mars mission, for large projects like the supercollider, and such relatively small levels for science education and science facilities? I will grant you that if we had an infinite supply of resources, I would not be quibbling with you about the question of these priorities and why we are putting so much money into space science activities, supercolliders, et cetera, et cetera. But we are in a time of diminishing resources, unhappily, and it appears to me we ought to be putting more into science education and science facilities.

What say you to that?

Dr. **Bromley**. First of all, I will never argue with you, sir, about the importance of science and mathematics education; that, I feel, is the highest priority we have in the Nation, and I am working very hard to do something about it.

But let me turn to, I think, the most difficult question you raise, and that is, "What is the rationale for going to Mars—and the Moon-Mars project as such?" I think that it is important here to provide a little historical perspective; back a good many centuries ago, as you well know, the Chinese were the major seafaring nation in the world. For internal reasons, they decided to pull back from their frontiers, turn inward, and their civilization quite rapidly lost its leading position in the world. The Portuguese did the same thing in about the 15th century.

I would submit to you, sir, that the space frontier is the last of the truly great frontiers, and that there is something in human nature that drives us toward those frontiers. History has shown us that nations that pull back from the major frontiers available to them suffer unhappy consequences.

Chairman **Sasser**. Well now, Dr. Bromley, not to interrupt you, but we could argue that point. The Soviets have been leaders in space, yet it does not seem to have done them much good economically or politically or socially. We could argue that point, both of us, one side or the other.

And I am not saying that we should not invest in space. And I have said if our resources were infinite, I would say do that. My question really goes to the heart of the matter—the thrust of which is that we are neglecting what I perceive to be scientific studies and scientific instruction. We are neglecting what is our principal asset, and that is our young people and our scientific community in favor of what I perceive to be a high-visibility, high-media type operation.

Dr. **Bromley**. I would have only two answers, and perhaps you would not consider them satisfactory. First of all, I have become totally convinced, sir, that money is not the answer to our problem in education; there are many other things that do not require significant funding that we have to do before we start worrying about pouring more money into the system.

Second, with respect to the space program, it really is a frontier. I look forward to the commercialization of space, and we are taking those first steps into a completely unknown region. We are going off into the Louisiana Purchase of the 1990s, and it is very difficult for us at the moment to really specify what we are going to reap from taking that step into an unknown domain. I am convinced that we are going to reap a major reward from this, and I am equally convinced that if we pull back from this the Russians, the Japanese—many other countries now—the Europeans, for example;

will move ahead of us and if they establish the commercial beachhead in space before we do and take over that whole area of our future, we will look back—or our children will look back with the benefit of hindsight—and ask why we allowed that frontier to slip from our grasp.

Chairman **Sasser**. Well, you may be right. I have a hunch our children are going to be looking back and asking a lot of questions about what has occurred over the past 14 years.

Dr. **Bromley**. I would agree with you, sir. [Laughter.]

Chairman **Sasser**. Dr. Bromley, I am going to have to leave you and go to the Banking Committee. I think Senator Wirth may have an additional question or may wish to chat with you here.

Am I correct in that, Senator Wirth?

Senator **Wirth**. That is correct, Mr. Chairman.

Chairman **Sasser**. Well, in that case, Senator Wirth, I will leave this committee in your charge.

Senator **Wirth** [presiding]. Thank you, Mr. Chairman.

Just as a closing note on the exploration of the frontier, I agree that we may be exploring the Louisiana Purchase of the 1990s or the 21st century. The question is, how do we go about doing it.

Do you send it out, you know, where the British Tea Service—and the way the Brits would take on India in the 19th century—are we going to explore it that way or the way that Lewis and Clark did, which is in a very simple, kind of American, fashion without all of the bells and whistles and the gold plate that might come on with it otherwise. I think that that is as much the thrust of the chairman's question as anything. How gold-plated are we going to be? How big is this technology going to be, or where is the balance going to come? And those are the kinds of questions that we all have to focus on.

I do not mean to speak for you, Mr. Chairman. But I get concerned about the gold plate and the enormous size of this, given all of the other needs that we have; send a lot of Lewis and Clarks, and not one great big one.

What you gotten—again let me say—I was just listening to the chairman's questions coming around is again an incredible tutorial, if I might say so, Dr. Bromley, on the constituency that you and the science community has. And I, again, would say I just do not think that—you know, often we all hear do not catch up with where our constituencies are. And I think this constituency is far out in front of Washington, far out in front of the Federal Government. I think there is an enormous hunger for support of science. I think that there is a deep constituency in the teaching of science.

And you know, we do have a job to be retraining and recruiting teachers. I think we have a lot of responsibility to help to do that. You know, we did a great job in the 1960s. We learned a lot about how to train teachers. We are not doing that anymore. Those summer institutes are gone. They were wonderfully valuable. You know, they came out of the KONA (ph.) effort and the focus on the American high school and so on. You remember all of that. There was a wonderful "yeastiness" to the idea of teaching, which we stimulated with a very small investment from the Federal level. The whole infrastructure issue the chairman refers to; you are familiar with that.

We are asking institutions like the University of Colorado or Yale or Stanford or Harvard or whatever to undertake very significant science investments, but we are not giving them, again, the bricks and mortar with which to do it. We shy away from that. But boy, you know, that structure is going to be eroding away. The summary of all of that is that there is a very big constituency up here. And I would hope that maybe next year when we go through this cycle, you will be up here with a truly outrageous set of requests for science.

No, really. I mean, I am very serious about that. I think you can coordinate that, and I think that you would find a very welcome constituency. Every year, that item in the budget—I have been doing budget committees since 1976—every year you hear, "You know, well, let's preserve this. Let's work with it. Let's try to help it." And boy, that item is there.

Anyway, enough of the final part of that tutorial.

Dr. Bromley. If I may say, Senator, I deeply appreciate this point, and one of the things I have been trying to do since arriving here is to rebuild some of the bridges between my offices and the Congress, because I think we have a very real common cause here——

Senator Wirth. Absolutely.

Dr. Bromley [continuing]. And I have been meeting with various congressional staff groups. I am looking forward to meeting informally with groups of Senators, as has been suggested by Senator Gore and Senator Danforth; they were going to organize this just to talk about the issues of mutual interest. I very much look forward to working with you and your staff.

Senator Wirth. Very important. You have got a great constituency out there.

Let me jump back to some of our earlier discussion, taking it away from the parochial to the more general, if I might. I thought your statement on global change and what we ought to be doing was absolutely terrific. The insurance policy analog, I think, is a very good one and one that ought to be used.

Just three quick points that you did not touch upon: first of all, when you talked about energy efficiency, it seems to me we have a job. Now we know a lot about energy efficiency technologies, particularly in buildings—you know, light bulbs and lighting standards, insulation, new windows and doors—and there is a very big target right in the area of commercializing what we know in energy efficiency.

And the question is: how far does the government go in trying to pool and encourage that technology? One of the things that we ought to be talking about—there are enormous savings that our society—you are familiar with the numbers of our energy and efficiency. Do we have a job to help do some commercialization?

Dr. Bromley. I think we do. I think first of all that these points you have just raised are going to figure very strongly in Admiral Watkins new energy strategy. And I think that, for example, we in the Federal Government could go a long way here by simply practicing what we are preaching, too——

Senator Wirth. Oh, yes.

Dr. **Bromley** [continuing]. And demonstrating in our own establishments nationwide just what can be done in this area. And even going beyond the things you have mentioned, in areas that have been passed by, like electric motors—when the President's Council met two weeks ago, David Packard, who has been involved in high technology for a long time, emphasized the point that we tend to think of the electric motor as, "Well, there it is. It is marvelous and it is enormously efficient, and you do not muck about with it."

But even here, if we you can gain a few percent in efficiency—as we can with modern technology—and install the millions and billions of motors that we have, it is just indicative of the fact that we have a tremendous opportunity to increase our efficiency of utilization of electricity in almost every area we can think of in this country.

Senator **Wirth**. And the easiest target is probably building standards; more controversial is transportation, but that is also one that is just crying out for greater efficiency.

Dr. **Bromley**. And there is a third one, sir, that I think we frequently forget, and that is in industrial processes. When those processes were developed in this country, as contrasted to Japan or Western Europe, when we wrote down the equation to optimize our process for our factory, and we put down raw materials and labor and transportation and all those good things, in the United States, we never had a term for energy because we assumed it would be available and cheap. Everybody else had a term for energy with a big coefficient. And so, if we made just those changes as become possible—amortizing the big capital investments involved—we could still make a major increase in our effectiveness of energy utilization.

Senator **Wirth**. A couple of other points, and I know that you have to go. You did not mention alternative energy programs on your laundry list of what were the elements of a good insurance policy.

Dr. **Bromley**. I would very much like to pick that one up, sir. I think that we have a very real responsibility there. There are many levels to the alternative energy question. First of all, we can address what I would call niche energy sources, sources that are particularly good in a particular area. Those include, in my view, solar energy, geothermal energy, ocean thermal gradient energy, wind energy and so on.

But when you talk about major blocks of electrical energy—if we are really going to cut into that 50 percent of our greenhouse emission, that CO_2, we have got to stop burning fossil fuels in big electrical generating plants. The only technology that we have at the moment that can pick up that load without the CO_2 burden is the nuclear option. I believe that we have to essentially start from scratch if we are going to make that a viable alternative in this Nation; that means that we have to go back and get modular designs that are intrinsically safe, that you could walk away from and have——

Senator **Wirth**. Passive, I think is the word.

Dr. **Bromley**. Pardon?

Senator **Wirth**. Passive.

Dr. **Bromley**. Passive. There are a variety of good words. In fact, the big favorate is called pious.

Senator **Wirth**. Pious.

Dr. **Bromley**. It all has the right significance. But the idea is that if you turn off everything and if lightning strikes in the immediate vicinity, nothing will happen. The nice thing, Senator, is that during this past 6 months in Germany, for example, a modular, high-temperature, gas-cooled reactor did have all its coolant gas released and all its cooling water turned off, and it neatly closed itself down, as it was supposed to. It was a very good demonstration which has not been much publicized in this country.

I believe that so many of us—and I am one of them—in the nuclear industry as it has been in this country have not done the things we should have done to inform our public of the true disadvantages and advantages so that we are faced with what is almost an irrational objection to nuclear energy.

Senator **Wirth**. You are right. I agree with what you have said. There is, as you know, a growing nuclear neuralgia in the country, and as that grows, we do have to start all over again, and I think start all over again technically and start all over again politically, and to really focus on the issues of waste disposal, nonproliferation and so on that are going to be necessary and that you point out.

Two other very quick points, and I know you have to run. One of the elements that we have to do, I think, a great deal more work on is understanding our own globe. We are spending about, as I understand this year, $150 million on genetic research to understand our own, I guess it is called the human genome, is not that right?

Dr. **Bromley**. Yes, the human genome.

Senator **Wirth**. And on the other hand, we know remarkably little about the thousands of species that we are losing every year, I think, in the nature of maybe 10,000 or more. E.O. Wilson, whom you know, I had breakfast with the other day. And he suggested what we ought to have is a prospecting expedition, or, he said, like Mission to Earth in some ways. But really bring it right down, to start by mapping the biological resources of the world and start there, as well. And in the process of doing so, understanding what the commercial value of that was so we can explain to people what the enormous loss is that is going on out there. And there is almost nothing going on in terms of our support of that particular kind of research.

We can measure the distance to the Moon down to, I understand, centimeters, but we do not know down to millions the number of species that are right in our own backyard; sort of, again, one of these anomalous situations, to use anomaly again as a word.

Dr. **Bromley**. I could not agree with you more, sir. And I think that these are all areas that we have to work with. I would only raise one problem that you and your colleagues here in the Congress are really going to have to help us on, and that is the fact that a growing number of the countries where the tropical forests are have come to resent our mining expeditions for their gene pools because they suspect that what we will do is bring the genes back, manipulate them and use them to create products that we will then sell back at outrageous profits.

We have to do something to make such activities obviously in their best interests as well as ours.

Senator WIRTH. When I was in Brazil, President Sarnet said to me about the Amazon; he said, "I do not want this to become a green Persian Gulf." It was sort of the same thing.

Final item, population. You did not mention in your notes from Chairman Bromley on global warming and the state of the globe; you did not mention population. Let me just ask you to comment in the way that you think would be appropriate on the issue of population, population growth and how that relates to global warming and all of the other issues that you have been talking about.

Dr. BROMLEY. I have always viewed uncontrolled population growth, planetwide, as one of the long range but yet very serious problems that we as, a global civilization, must learn to cope with, for several reasons. One, because in the very far distant future, we run into just the simple thermodynamic problem of too many people. But that is a long way off.

The thing that concerns me most is the gross disparity between the quality of life enjoyed by us and that enjoyed by a great many people in other parts of the world where their population growth rates are such as to condemn them to a continuation of those totally unacceptable standards of living.

And now that we have indeed become a global village from the communications point of view, for the first time in the history of the planet, they are beginning to see just how different their lives are from ours. It is my belief that unless we do something about this—and unless we are perceived to be doing something about this—we face a world in turmoil.

Senator WIRTH. Therefore?

Dr. BROMLEY. Therefore I believe that we have a responsibility to provide assistance to nations globally in this area of population control.

Senator WIRTH. Well, I think that that is exactly correct. Unfortunately, the contributions of the United States have not only leveled off, but our percentage of our contribution of the worldwide program has declined very dramatically under pressure from particular groups, and this has had just the opposite effect of what they wanted to do.

I think we have incurred by dramatically cutting our population family planning support programs around the world—we have occasioned a very sharp increase, for example, in abortions around the world. And that is just the opposite of what the groups opposing family programs have wanted to have happen. And I think we have got to work with them and also work with the Congress to understand that the most humane way in which we can assure the quality of life that you speak to and take care of the special problems that those groups are concerned about is for the United States to once again resume the leadership role that we had for a long time in international family planning programs.

And I hope that we can move in that direction. President Bush used to be a very strong supporter of programs along this line. I do not know where he is now in terms of international programs on family planning, but maybe we can get the administration back in harness and have the United States be the lead that we once were proudly around the world.

Mr. Chairman, we really appreciate your being here today, and kept you 7 minutes beyond your time. Normally the Congress, as you know, runs on time within the budget, and we are sorry to keep you 7 minutes late, but we appreciate you being here.

Dr. **Bromley**. Thank you, sir.

Senator **Wirth**. We will be adjourned.

[Whereupon, at 12:25 p.m., the committee adjourned, subject to the call of the Chair.]

WRITTEN QUESTIONS FROM SENATOR GRASSLEY TO DR. BROMLEY AND THE RESPONSES

Question 1. Dr. Bromley, the Administration has expressed a strong interest in technology development and in new programs aimed at stimulating [the development transfer] of new technology. Can you cite some civilian (as opposed to Defense) initiatives that are directed to this goal? What role will the Department of Commerce's Technology Administration play in meeting these goals?

Answer. Many federal research programs are undertaken primarily to meet federal program needs, not to develop technology, per se. However, federal laws and policies now in place make it the responsibility of every federal technology manager—defense or civilian—to consider the commercial ramifications of the work they are supporting and to try to encourage its commercial potential. Those same laws and policies also give them the tools and incentives to do so. Obviously, some research has more technology development/transfer potential than others. Examples include research to promote alternative sources of energy, biomedical research, space exploration, robotics, superconductivity, and semiconductor research.

Other federal programs are explicitly designed and undertaken with private sector interests clearly in mind. A number of these are managed by the National Institute of Standards and Technology (NIST), which has a mission to support programs serving business and industry. NIST research programs with substantial civilian technology development/transfer potential include the new Advance Technology Program aimed at assisting business in developing precompetitive, generic technologies; and the Advanced Manufacturing Program intended to increase the dissemination of new manufacturing technologies within industry, particularly small business.

The Technology Administration of the Department of Commerce has as one of its goals ensuring the transfer of federally funded technology from the laboratory to the marketplace. There are at least four ways it seeks to achieve this goal. First, it provides policy and administrative support. What is now the Office of the Assistant Secretary for Technology Policy in the Technology Administration played a key role in developing and designing many of the principles of Federal technology management now incorporated in legislation. That Office provides technical assistance to the various R&D agencies and monitors agency implementation of these authorities. Second, the Technology Administration, through NIST, is itself a producer of technology, and as such, has a responsibility to encourage the commercial potential of the research it supports. Third, the Technology Administration's National Technical Information Service provides patent licensing services for federal agencies and publicizes information on federal technological developments that may be of interest to the private sector, including information on patents available for licensing. Fourth, in a broader sense, the Technology Administration will continue to assist in the development of Federal policies that will create a climate in which the private sector will be willing to take the risk inherent in commercializing new and promising federally supported technologies.

Question 2. What are the intentions and goals of the Administration regarding the development of Commerce's Technology Administration? What are the intentions and goals of the development and expansion of the National Institute of Standards and Technology? Compared to the overall proposed R&D budget of $71 billion, there does not appear to be much in the budget request in the general area of technology development, at least as represented by these two offices—NIST and Commerce's Technology Administration. Can you help me pinpoint the money and programs available, for or devoted to, technology transfer?

Answer. The Technology Administration is the principal organization within the Department of Commerce for developing and promoting Federal technology policies and programs to increase U.S. commercial and industrial innovation, productivity and growth. It advises other parts of the Department and is available to assist other agencies on how their programs and activities affect the environment for technological advancement in the United States. In addition, it is responsible for ensuring the integration of domestic and international science and technology policy-making within the Department of Commerce. The Administration has requested an appropriation of $4.58 million for the Technology Administration for FY 1991, a substantial increase over its FY 1990 enacted budget of $3.87 million.

NIST is part of the Technology Administration but its budget is treated separately. NIST's funding in constant dollars has been level over the past fifteen years. For FY 1991, the Administration requested $198.4 million for NIST substantially more than it's FY 1990 budget of $161.8 million. This request will insure support for

NIST's traditional core responsibilities as well as for the new industrial outreach responsibilities authorized by the Omnibus Trade and Competitiveness Act of 1988. Traditional methods of technology transfer include NIST's research associate program, guest researcher program, a variety of information dissemination techniques (such as holding conferences and workshops, publishing papers, and participating on voluntary standards committees) and measurement, reference data, and standards services.

New responsibilities include the Advance Technology Program and the Regional Centers for the Transfer of Manufacturing Technology. It is also important to point out, however, that one cannot measure the total of Federal technology transfer initiatives by these or similar activities. Technology transfer is an integral part of every Federal laboratory's mission, regardless of the specific projects undertaken.

Question 3. Dr. Bromley, in my state of Iowa, we are struggling to build our scientific capabilities and have had some difficulty in gaining Federal support for new facilities and new initiatives related to science infrastructure and the like. I think some of these problems are linked to the lack of well-established programs for thinking about science infrastructure throughout the country, instead of the present situation which seems to concentrate in isolated areas or programs throughout the country already established.

What special steps are you going to take to assure that all parts of the United States are encouraged and supported to build their science and technology foundations and to work toward the attainment of technology-based economic development?

Answer. It is important to acknowledge that there really are at least two missions to address when it comes to providing Federal support to academic institutions for the conduct of research. Federal R&D support should be provided to support the very best research no matter where it exists. We must insure that the use of scarce resources for research goes only for the best research we can buy. At the same time, however, the Federal Government has a special obligation to help support the development of first rate research capabilities where the potential and local commitment exists to leverage these Federal funds.

This latter idea is behind a number of current Federal programs and activities. For example, the National Science Foundation has had appropriated $20 million for fiscal year 1990—and has requested an additional $20 million for fiscal year 1991—for its Academic Research Facilities Modernization Program. That program will be managed with the following two goals in mind: promoting the modernization of science and engineering research laboratories and related facilities at institutions of higher education (at both graduate and undergraduate institutions), independent nonprofit research institutions, research museums, and consortia; and assisting those academic institutions (graduate and undergraduate) that historically have received relatively little Federal research and development funds to improve their academic science and engineering infrastructures and to broaden and strengthen the Nation's science and engineering base.

For the purpose of competition and review and to implement these twin goals, NSF has created three groups of institutions based on the average amount of NSF research and development support received by the proposing organization in the three previous fiscal years. Group I consists of those institutions that have received an average of $2 million or more per year; Group II are those institutions that have received an average of less than $2 million but greater than $400,000 per year; and Group III consist of those organizations that have received an average of less than $400,000 per year. In each category proposals will be evaluated on the basis of research merit, need for the facility, project impact, and plans and funding. In addition, this program will consider the need to ensure an equitable distribution of resources among organizations of different sizes and geographic locations and ensure, as called for in the legislation authorizing this program, that at least 12 percent of the funds available to the program will go to historically black colleges and universities with substantial minority enrollment.

Question 4. Along that same line, I am concerned that there is a possible inherent conflict between the peer review process and the notion of building science infrastructure throughout the U.S. In other words, most members of peer review committees have connections—past, present, and most likely future—to already established areas of the country—predominately the East coast or the West coast.

What steps are being taken to ensure that science investment. Particularly in the view of the budget increases requested, to ensure that science investments can be equitably shared throughout the country?

Answer. The merit review process is a dynamic process that can and should be continually reviewed, assessed, and improved. It is important to support the very best research no matter where it exists and at the same time, we need to help support the development of first rate research capabilities where the potential and local commitment exists. To insure a fair hearing for all points of view, efforts must be made to expand representation on the various review and advisory committees the Federal R&D agencies establish. We are beginning to make progress in this area, but much remains to be done. For example, the National Science Foundation has made substantial efforts in the past few years along these lines. The participation of minority groups on review panels for example, has increased by 20 percent over the level in fiscal year 1988. The geographic balance of advisory committee rosters at NSF, for FY 1989 show that the representation of each area of the country is nearly equal: Northeast, 25%; West, 28%; Midwest, 20%; South, 26%.

Question 5. What is your office's assessment of the various experiments going on around the country in terms of technology transfer and technology development? In Iowa, we are experimenting with the development of new technology seedlings and the "home growing" of new technology businesses in areas of completely new industrial sectors for our state. This has proven to be very successful and it is important to have some understanding of the models and approaches being used for development in other states. What are your thoughts on this matter?

Answer. In terms of technology development and transfer, the states are engaged in some very exciting and creative projects. There activities take a variety of forms, including technology transfer programs, university-based research programs, research and development grant programs, research parks, financial assistance programs, technical and managerial services, incubator facilities, worker training assistance, research and development tax incentives, the preparation of case studies, and dissemination of information on federal, local, and foreign government research activities. As the attachment provided me by the Department of Commerce indicates, Iowa appears to be among the particularly energetic and creative states participating in these activities.

The activities undertaken are very diverse and we on the Federal level, clearly, should have a better understanding of them. In addition, states and local governments need to know more about what others have done, so they can replicate the successes of others or avoid, where possible, making the same mistakes. The Technology Administration intends to make such information available through its Clearinghouse on State and Local Initiatives in Productivity, Technology and Innovation, which was authorized by the Omnibus Trade and Competitiveness Act of 1988. It is my understanding that the Department of Commerce plans to submit a report to Congress in the near future detailing how that program can be of maximum use to its intended beneficiaries.

Question 6. Dr. Bromley, would you please comment on the National Aero-Space Plane program from the perspective of the potential contribution it could make to the competitive position of the U.S. in the international marketplace as we move towards the year 2000?

Answer. Three independent studies of such considerations have shown that NASP, through its impact on the health of the U.S. aerospace industry, could in the future, significantly contribute to a positive U.S. trade balance in aerospace products, which range from engines and airframes to subsystems. Operational hypersonic vehicles, for example, could be developed after the year 2000 that would be derived from the technology demonstrated in the X-30 flight-research vehicle which is the focal point of the National Aero-Space Plane (NASP) program. The benefits derived from NASP prior to that time will largely be a function of technology spinoffs to the higher-technology areas of aerospace industry. Spinoffs should evolve from research in the areas of computational fluid dynamics (CFD) and advanced predictive methodologies applicable to any vehicle. Materials and structures work from NASP should see rapid application in systems involving temperature extremes, and the control system and sensor technologies so crucial to NASP will have applications in many other aeronautical systems.

Question 7. Dr. Bromley, as you know, the major NASP contractors (Rockwell International, General Dynamics, Pratt & Whitney, and McDonnell Douglas) have proposed to the government that they form a National Industry Team to develop an experimental, single-stage-to-orbit NASP vehicle.

(a) What do you see as the advantage of such a National Team approach—as contrasted with a more traditional approach which would involve a "Down select" to only one or two contractors to develop this kind of cutting-edge technology aerospace vehicle?

(b) Are you familiar with the collaborative efforts the NASP contractors have already made in developing new materials for a NASP vehicle? Does this portend the kinds of positive contributions we might expect to see from a broader National Team approach?

(c) Do you anticipate timely action on the part of this Administration in endorsing this National Team approach?

Answer. (a) The proposed teaming arrangement is designed to improve efficiency of the NASP program and to reduce technical risk to each company in order to maintain a complete industrial base for future competition. Teaming allows for a synergistic combination of all of the contractors, their data bases, and the advantageous features of each of their separately developed vehicle concepts. The resulting focus on a very limited set of concepts will then allow for accelerated progress and greater depth of work in critical technology areas. The government investment to date in the program will be maintained by retaining the total corporate memory available. If the X-30 flight-test program is approved, funded and completed, the full set of contractors will also be able to compete in bidding to build NASP-derived vehicles for operational use.

(b) The results from the NASP Materials Consortium provide a very encouraging example of the proper implementation of teaming. The proposed NASP National Team will consist of the same major companies as those comprising the consortium.

(c) The concerned agencies including the DOD, NASA, and Justice, are currently evaluating and examining the teaming proposal of these contractors from both the legal and acquisition perspectives. Our goal is to resolve any potential legal issues as soon as possible for the timely implementation of the NASP research program agenda.

Question 8. In regard to the United Nation's effort to study global climate change, specifically the inter-governmental panel on climate change, what amount of money is the United States proposing to spend on these international research activities next year?

Answer. The U.S. Global Change Research Program's fiscal year 1991 budget document issued by the Committee on Earth Sciences states: There is no "international" budget item included in the U.S. Global Change Research Program because international activity is intergral to each project element where appropriate. To begin a more formal international coordination process for research, however, the President asked me, together with the Chairman of the Council of Economic Adviser and the Chairman of the Council on Environmental Quality, to organize a White House meeting of the three senior officials in science, economics, and the environment from a number of countries. (This White House Conference on Science and Economics Research Related to Global Change took place in Washington, D.C. on April 17, 18, 1990.) The Conference was devoted to science and economics research issues relevant to policy on global change, including climate. The Conference was designed to address important next steps that substantially enhance and broaden international understanding of science and economics research issues, and to frame initial steps toward a strategy for implementing joint international science and economics research efforts.

Already a major CES coordinating effort has been initiate with the International Council on Scientific Unions and the international scientific community, the intergovernmental organizations, and CES-like bodies in other countries. During 1990, we expect that an integrating infrastructure will begin to evolve; will be endorsed by the various participating agencies; organizations, and institutions; and will involve to some extent the private sector. Bilateral and multilateral research agreements and programs between the U.S. and other countries have been, and will remain, and essential part of all our international activities.

Question 9. The inter-governmental panel on climate change, as you know, has three working groups assigned to research and study three different aspects of global climate change. My understanding is that the United Kingdom is the chair for science and research, the Soviet Union is the chair for the research on what effects might occur if global warming is a reality, and the last working group is chaired by the United States which is pursuing research in the response strategies if global warming is a reality. I also understand that rather than awaiting the results of the science and research working group's report, which in a large part determines the validity of the global warming theory, all three working groups are purusing research concurrently. Has there been any discussion about allowing the science panel chaired by the United Kingdom to complete its work first to insure better reliability for the social economic policy research groups chaired by the United States and the Soviet Union to base their conclusions upon?

Would you agree that the reports of working group one and working group two should be rigorously peer-reviewed before policy makers develop response strategies and policies based on these reports?

Answer. Under ideal circumstances, it most certainly would have been preferable to have the results of the science working group available to the other two working groups. However, it was agreed that the importance and immediacy of the issues dictated that all three groups work in paralled, but with the condition that there be close coordination and communication among all three groups. I agree that the reports of Working Group One and Working Group Two should be rigorously peer-reviewed in order for policy-makers to have the most accurate information with which to plan strategies and develop policies.

Question 10. What mechanisms are in place within the Executive Branch to insure Congress that scientific judgments on global warming made by the Administration would adhere the highest standards of the scientific discipline and will not reflect personal bias or single points of view?

Are there any scientists within the U.S Government who do not accept the predications of the general circulation models at face value? Will such scientists be involved in Executive Branch policy-making decisions?

Answer. Last year, President Bush recognized the need for high-level, streamlined mechanism for the formulation and coordination of domestic policy on global change and, accordingly, set up the Domestic Policy Council Global Change Working Group. He specifically instructed me, as Chairman of that group, to see that a coherent and intelligent domestic policy on global change be developed, based upon the best scientific and economic information available. The Working Group is adamant that the highest standards of scientific discipline and objectivity be applied across the board. Bias is simply not an issue.

As in any scientific endeavor, there are a number of scientists whose research is supported by the U.S. Government who do not accept the predicitions of the general circulation models at face value. The opinions and work of these and all parts of the scientific community are actively sought as input to the policy-making process. This Administration has made an active effort to involve the entire spectrum of opinion on this very important issue on a regular basis in order to obtain the most complete scientific understanding possible, and will maintain this ongoing dialogue as new scientific information is obtained.

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